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THURSDAY, OCTOBER 6, 1955

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## Stellwagen Says Reappraisal of Product Needed

### Casualty Joint Meeting Hears Earls Warn Against Commission Cutting Plans

A reappraisal of "our product, both as to price and form," as part of a program to counteract competition for private passenger automobile business was advocated by Herbert P. Stellwagen, vice-president of Indemnity of North America and president of National Assn. of Casualty & Surety Executives, at the annual joint meeting of that organization and National Assn. of Casualty & Surety Agents at White Sulphur Springs, W. Va.

Thomas W. Earls of Cincinnati, president of the agents' group, speaking



H. P. Stellwagen



Thomas W. Earls

from the same podium, warned of the danger of adopting any plan to increase premiums by by-passing agents or reducing an agent's commission.

Mr. Stellwagen said it might be necessary to use a six-month policy or offer easy and convenient methods of installment payment to keep in step with the buying habits of the public.

Mr. Stellwagen scored the tide of bad bills flooding the legislative halls, "some of which are introduced by cranks and crackpots and some by clever and self-seeking men who would destroy our remaining common law defenses to the end that damages will be determined by caprice and emotion rather than by liability and nature of injury."

He referred to legislation which would compel the disclosure of insurance and the amount thereof, join the insurer with insured as co-defendant, and restrict the proper discretion of the judiciary in tort actions. The aggravated costs which are bound to follow the enactment of such legislation are paid for with policyholders' money because it is the policyholder who is called upon to pay the increased rates which inflated loss levels require.

The demand for more and different taxes is widespread and persistent. Increased levies on insurance premiums have been enacted into law by many states in the current legislative year. He said his present concern is not with income taxes but rather with taxes and fees which add to the overhead cost of doing business and which

(CONTINUED ON PAGE 14)

## W. V. Hall Is New President of CPCU

William V. Hall, a broker with Emett & Chandler of San Francisco, has been



William V. Hall

elected the new president of Society of Chartered Property & Casualty Underwriters. Other officers elected at the San Francisco convention last week are: Vice-presidents, Milford L. Landis, counsel of Central Mutual of Van Wert, and Gerald E. Myers of W. A. Alexander & Co., Chicago; secretary, Bernard J. Daenzer, vice-president of Security of New Haven. James Wilson Jr., assistant to the resident vice-president of Lumbermen's Mutual Casualty at Philadelphia, was reelected treasurer. Robert M. Morse, assistant dean of the American Institute will continue as executive secretary.

Named regional directors were: Eastern, Hugh W. Donovan, vice-president of B. E. Hardacre Co., Jacksonville, Fla.; central, Ella-Rachel Lyons, Detroit agent; western, Neil Flammer, vice-president and general manager of California Union (two years), and Joseph H. Silversmith Jr., president of Silversmith general agency of Denver (three years.)

New CPCU designations were conferred on 204 persons at the all-industry luncheon by Dr. Harry J. Loman, dean of the American Institute. James F. Crafts, president of Fireman's Fund group, was the speaker.

Seminars dealing with atomic energy, care, custody and control, selling methods, electronics, guest statutes, and property insurance rating were conducted during the three-day meeting, and there was a debate on the compatibility of mass production techniques on personal lines with professional service.

Mr. Hall, the new president, was graduated from the University of Missouri and became a director of CPCU in 1951, regional vice-president in 1953

## Idaho Department to Try to Rehabilitate Inland Empire

Commissioner Leo O'Connell of Idaho has taken over Inland Empire of Salt Lake City for rehabilitation, as the result of a court order following a hearing last week at Boise. Mr. O'Connell asked to be allowed to rehabilitate the company after it had gotten itself into a sensational mess in the midst of a convention examination.

Inland Empire is supposed to be owned 90% by Trans-Pacific of Phoenix, which is now in receivership. However, Mr. O'Connell plans to attempt rehabilitation of Inland. The company has not been termed insolvent, even though an amazing number of self-styled officers and directors have called it nearly everything else.

Commissioner O'Connell has urgently asked the cooperation of fellow commissioners in straightening out Inland Empire's troubles. In a telegram to THE NATIONAL UNDERWRITER, he says:

"The affairs of Inland Empire are in critical condition and unless we can get the cooperation of all commissioners in affecting collection of agents' balances and releasing of excess deposits, our rehabilitation program will be stymied.

"Any policies cancelled by order of others than the company must be cancelled at short rate and the agent in the risk will become a creditor for the unearned premium along with others who have money coming to them.

"It will take some time to get the accounts up to date due to the changes of location of administrative offices and the shifting of records from Salt Lake City to Phoenix and then back to Salt Lake City.

"This department is exerting every effort to work out affairs of Inland in

(CONTINUED ON PAGE 46)

and vice-president for 1954-1955. He is a trustee of Insurance Forum of San Francisco and instructor at Golden Gate college.

## Launch UM Cover as Alternative to Compulsory in N.Y.

### Endorsement Effective Oct. 5 Free to Renewal, Then \$3 and \$2.50

NEW YORK—Superintendent Holz of the New York insurance department has approved, effective Oct. 5, an endorsement providing uninsured motorist cover on automobile insured of New York anywhere the basic auto liability policy covers. The endorsement provides coverage for bodily injury only, in the financial responsibility limits of 10/20, and will be free on outstanding policies until renewal, when the charge will be a flat \$3 for conference companies and \$2.50 for specialty automobile writers.

The coverage is not an unsatisfied judgment type of insurance. If insured, or others covered in the basic policy, is injured, even when a pedestrian, in an accident involving an uninsured or otherwise financially irresponsible motorist whose negligence caused the accident, the insurer on the insured automobile will investigate and attempt to negotiate a settlement with its insured. If it fails to reach agreement, insurer and insured will then follow rules of American Arbitration Assn. to achieve a settlement. The insurer would pay the settlement.

Mr. Holz indicated that companies writing a major share of the auto liability business in New York state have filed the cover or have indicated their willingness to do so.

However, Fidelity & Casualty of America Fore group was the first to file the endorsement, closely followed by Allstate. National Assn. of Independent Insurers voted to support the plan. Assn. of Casualty & Surety Companies debated the issue in several meetings. The outcome in that organization was, substantially, that the association would not sponsor the UM coverage plan but it did not vote to oppose it. It is understood American Mutual Alliance preferred the program, which would require legislation, of making it a misdemeanor for a driver to be without 10/20 liability cover.

Thus individual insurers will file the endorsement. With inauguration of the voluntary coverage plan by a number of insurers, other insurers are expected to follow suit. Uniformity of coverage would be achieved by way of the approval powers of the insurance department, which is so vitally interested in the whole matter.

The UM endorsement is expected to meet the desire of the insurance department and the Harriman administration for a plan to alleviate the problem of the financially irresponsible motorist. It is regarded as an alternative to compulsory, for which there has been in recent years heavy pressure in New York. The Harriman administration also has displayed interest in

(CONTINUED ON PAGE 58)

## Late News Bulletins . . .

### McKell, Sisk Head Casualty Executives, Agents

William E. McKell, president of American Surety, was elected president of National Assn. of Casualty & Surety executives, and Paul Sisk of Tulsa was chosen president of National Assn. of Casualty & Surety Agents, at elections held at White Sulphur Springs, W. Va., in connection with the annual meetings of the two groups. The executives also elected William T. Harper, president and chairman of Maryland Casualty, vice-president, and renamed J. Dewey Dorsett secretary-treasurer. He is general manager of Assn. of Casualty & Surety Companies. Robert Z. Alexander, president of American Automobile, was named chairman of the executive committee, to which Mortimer E. Sprague, executive vice-president of Home, and Nathan Mobley, senior vice-president of Federal, were elected.

The agents chose J. Edward Cochran of Hagerstown, Md., and Ben H. Padlock of Detroit vice-presidents; R. E. Stitt of Chicago, secretary and Alice M. Foy of Chicago, treasurer. Retiring president Thomas W. Earls of Cincinnati became a member of the executive committee and Lyle S. McKown of Minneapolis was named an alternate. Mr. Sisk also succeeds Mr. Earls as board chairman.

## Reynolds Gives Thorough Analysis of Auto Competitive Situation in Oregon Address

The address of J. W. Reynolds, chairman of United Pacific, before the annual meeting of Oregon Assn. of Insurance Agents at Portland, was remarkable in the straightforwardness of approach employed. No punches were pulled in the discussion of the automobile insurance situation. Mr. Reynolds' talk constituted what is probably as careful a resume of the present situation as regards competitive developments as has been prepared in some time.

In order to reduce the cost of bureau-type automobile insurance to a competitive basis with the companies enjoying a price advantage, Mr. Reynolds said there are only two alternatives: The business can adopt a large share of the advantages enjoyed by the competitors, "which could possibly be constructive for both agent and company"; or, present operations can be surrounded by prohibitive underwriting restrictions and tightened claim settlements. The second alternative would be fatal to the industry, he declared.

Last year automobile insurance premiums in Oregon were nearly \$50 million, an increase of more than 500% since 1940, Mr. Reynolds said. This is a market that is of primary interest to agents and company executives.

For years the business was accustomed to seeing a small percentage of the available volume going to mutuals and to reciprocals, and the feeling was that these companies offered a fine safety value against state insurance,

which might monopolize the industry. The first real cloud on the horizon was the remarkable development and growth of State Farm and Farmers Exchange. In 1954 State Farm had \$207 million in premiums and Farmers \$85 million.

Then along came Allstate, organized three years after United Pacific. In the last five years, Allstate has had its premium volume shoot up from \$45 million to \$200 million, "a thing that would have been impossible for a conventional company operating through standard agencies because of the reserve costs alone," Mr. Reynolds remarked. Current figures indicate Allstate will do more than \$250 million in 1955.

More recently, Pacific Employers has organized Meritplan to permit independent agents to write automobile at rates approximately competitive with Farmers and Allstate. In the latter part of 1953 Safeco was set up by General of Seattle and started operating along similar lines. Safeco in its first year of business had \$6 million in premiums, which Mr. Reynolds said is probably the largest volume ever underwritten by any American insurance company during its first calendar year of operation, and indications are the volume will be doubled this year.

"No other company ever launched has received such favorable acceptance

(CONTINUED ON PAGE 62)

## Combs Asks Refund of PHD Overcharges for Ark. Auto Owners

Commissioner Combs of Arkansas estimated that at least 12,000 Arkansas automobile owners are being overcharged as much as 30% in their auto collision premiums.

He made the estimate following his return from Memphis where he and a department examiner investigated the Arkansas automobile writings of Service Fire.

Mr. Combs ordered the investigation after a meeting of Zone 5 commissioners at Austin two weeks ago. The commissioners met to investigate the misclassification of auto risks by Service Fire and five other companies. In the case of Service Fire, it is understood the amount involved may exceed \$1 million in excessive rates because of misclassification.

Mr. Combs said the Arkansas policyholders were charged class 2 collision premiums instead of class 1. He said the department will send questionnaires to policyholders of Service Fire in Arkansas informing them that "there is every reason to believe you have been overcharged on your insurance policy." He said the department would try to obtain refunds for policyholders on current policies. Refunds can be ordered only on current policies, he said, because records of expired policies have been destroyed by the insurer.

Service Fire's direct writings in Arkansas last year totaled \$1,750,000.

Mr. Combs said several other companies writing auto PHD in Arkansas are under investigation.

## Varied Program Set for Joint Meeting of Three Mutual Groups

Crime, windstorms, multiple-line underwriting, new fire hazards growing out of changing technology, the significance to property insurers of indicated economic trends and current developments in marketing and motivation research will provide the program framework for the annual meeting of Federation of Mutual Fire Insurance Companies, Oct. 10-12, at the Hotel Statler, St. Louis.

The federation will meet in conjunction with the American Mutual Alliance Advertising-Sales Conference and National Assn. of Mutual Insurance Companies. A feature of the meetings will be the exhibit of some 3,000 examples of mutual fire-casualty insurance advertising materials, including those which have been given awards for excellence.

First session of the Federation will be a joint meeting with the American Mutual Alliance and the city insurers group of the national association. Speakers will be Raymond H. Fletcher of Dallas, Texas, vice-president Rohrer, Hibler & Replogle, on effective utilizing of production personnel; Burleigh B. Gardner of Chicago, executive director Social Research Inc., on mass motivation research, and Richard D. Crisp, Chicago consultant, on research in marketing.

Tuesday's session will open with an address by Federation president Gary H. Kamper, president of Badger Mutual. "The Economics of Crime" will be discussed by Virgil W. Peterson, operation director of Chicago crime commission. Problems involved in sale of the homeowners policy will be outlined by F. Keen Young, executive vice-president of Federated Mutual Implement & Hardware. Participating in a panel discussion on the same subject will be R. H. Barber, secretary West Bend Mutual Fire; W. H. Rodda, secretary Transportation Insurance Rating Bureau, and E. D. Sirois, secretary Mutual Fire Insurance Assn. of New England.

The final session on Wednesday will open with G. W. Ponton, research underwriting specialist for Hardware Mutuals of Stevens Point, speaking on "Are Wind and Weather Patterns Changing?" O. E. Ringquist, vice-president Liberty Mutual Fire, will discuss whether insurance companies can reduce their losses in windstorm and hurricane areas. New hazards for property insurers will be analyzed by Horatio Bond, chief engineer National Fire Protection Assn. How future economic trends may be expected to affect insurance will be the subject of John W. Cowee, associate dean of the school of business administration of the University of California.

On Oct. 11 James D. Woolf, Chicago advertising consultant, will analyze outstanding mutual fire-casualty insurance advertising programs now in progress and select the "one best" campaign of 1955. The Oct. 12 meetings of the American Mutual Alliance will be devoted to workshop sessions on competition—one for direct-writing company representatives and one for those operating through commissioned agents.

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# Standing of Cities by Home Insurer Premiums

The statistical department of THE NATIONAL UNDERWRITER has compiled a listing of the first 25 cities in the United States as respects net premiums written by companies domiciled in those cities. Similar studies were printed by THE NATIONAL UNDERWRITER for 1945 results and for 1948 results, and a comparison of the standing of cities is included in the tabulation.

The premiums are credited to the city in which is located the executive office of the company, and companies and insurers having a corporate or nominal offices other than at the executive office have their business credited to the executive office city. There is no credit given a city for the companies located in its suburbs. Thus in the case of New York City there is no reciprocal business shown because the reciprocals are located in the suburbs, and in Chicago there is no credit for the large companies located in Evanston and Skokie.

A&H business is shown for the specialty A&H companies and the A&H departments of life companies, but the A&H business of casualty insurers is thrown into the stock fire and casualty classification. Hospitalization includes Blue Cross and Blue Shield and other insurers writing hospitalization only.

In the five years between 1948 and 1954 the total premiums of companies in the leading 25 cities have increased 66.5%, going from \$11,479,303,516 to

\$18,360,362,037.

There have been some interesting shifts in position in the ranking of the cities. It is noticeable that the determining factor in the ranking appears to be A&H and fire and casualty business rather than life business, and in some cases automobile insurance or A&H insurance by themselves have been enough to cause a change in position.

Los Angeles is now the seventh largest insurance city in the U. S., passing Baltimore and Milwaukee in the process.

Dallas had a remarkable increase in premiums and becomes 10th in rank. It was in 16th place in 1948. Detroit moves up three positions to 12 (with A&H the biggest contributing factor), and Columbus goes from 20th to 14th (Nationwide being the principal cause).

The rise of State Farm has put Bloomington in the leader's list. In 1945 Bloomington was not among the 25 leaders, and in 1948 it was 23rd.

The two newcomers are Seattle, in 21st place (with General of America group making the big contribution) and Fort Wayne, Ind., the home city of Lincoln National Life.

The new cities that have been displaced from the leading 25 are Nashville and Providence.

In the following table the current rank of the city is given ahead of the name, and following are the rankings in 1948 and 1945 respectively.

'54		'48	'45
<b>1</b>	<b>NEW YORK CITY</b>	<b>1-1</b>	
	Stock Fire and Casualty ..	2,093,029,146	
	Mutual Fire and Casualty ..	121,886,260	
	Lloyds ..	191,707	
	Accident & Health ..	444,717,412	
	Hospitalization ..	150,424,421	
	Life ..	3,030,575,256	
	Fraternal ..	2,919,890	
	<b>Total ..</b>	<b>5,843,744,092</b>	

<b>2</b>	<b>HARTFORD</b>	<b>2-3</b>	
	Stock Fire and Casualty ..	1,455,162,252	
	Mutual Fire and Casualty ..	1,216,256	
	Accident & Health ..	253,851,438	
	Life ..	842,451,274	
	<b>Total ..</b>	<b>2,552,681,220</b>	

<b>3</b>	<b>NEWARK</b>	<b>3-2</b>	
	Stock Fire and Casualty ..	240,337,443	
	Mutual Fire and Casualty ..	726,937	
	Accident & Health ..	102,390,350	
	Hospitalization ..	53,153,448	
	Life ..	1,575,124,703	
	<b>Total ..</b>	<b>1,972,232,881</b>	

<b>4</b>	<b>BOSTON</b>	<b>4-4</b>	
	Stock Fire and Casualty ..	191,077,119	
	Mutual Fire and Casualty ..	346,894,479	
	Accident & Health ..	76,733,401	
	Hospitalization ..	62,597,778	
	Life ..	663,880,178	
	Fraternal ..	2,696,703	
	<b>Total ..</b>	<b>1,343,879,658</b>	

<b>5</b>	<b>CHICAGO</b>	<b>5-6</b>	
	Stock Fire and Casualty ..	290,591,637	
	Mutual Fire and Casualty ..	166,058,314	
	Reciprocal ..	28,671,693	
	Accident & Health ..	237,706,751	
	Hospitalization ..	51,784,266	
	Life ..	176,525,099	
	Fraternal ..	20,972,265	
	<b>Total ..</b>	<b>972,310,025</b>	

<b>6</b>	<b>PHILADELPHIA</b>	<b>6-5</b>	
	Stock Fire and Casualty ..	449,449,730	
	Mutual Fire and Casualty ..	13,759,009	
	Reciprocal ..	349,659	

Accident & Health ..	14,017,790	
Hospitalization ..	32,906,418	
Life ..	206,917,147	
Fraternal ..	3,224,403	
<b>Total ..</b>	<b>720,624,156</b>	

<b>7</b>	<b>LOS ANGELES</b>	<b>9-9</b>	
	Stock Fire and Casualty ..	117,837,711	
	Mutual Fire and Casualty ..	304,642	
	Reciprocal ..	132,121,975	
	Accident & Health ..	106,169,524	
	Hospitalization ..	19,761,994	
	Life ..	133,467,769	
	<b>Total ..</b>	<b>509,663,615</b>	

<b>8</b>	<b>BALTIMORE</b>	<b>7-8</b>	
	Stock Fire and Casualty ..	379,328,016	
	Mutual Fire and Casualty ..	308,150	
	Reciprocal ..	103,325	
	Accident & Health ..	4,115,409	
	Hospitalization ..	16,546,732	
	Life ..	50,911,198	
	Fraternal ..	8,884	
	<b>Total ..</b>	<b>451,321,714</b>	

<b>9</b>	<b>MILWAUKEE</b>	<b>8-7</b>	
	Stock Fire and Casualty ..	10,216,557	
	Mutual Fire and Casualty ..	24,362,156	
	Accident & Health ..	7,800,427	
	Hospitalization ..	22,048,306	
	Life ..	277,609,662	
	Fraternal ..	4,719,484	
	<b>Total ..</b>	<b>346,756,592</b>	

<b>10</b>	<b>DALLAS</b>	<b>16-17</b>	
	Stock Fire and Casualty ..	98,525,051	
	Mutual Fire and Casualty ..	20,675,865	
	Lloyds ..	5,440,036	
	Accident & Health ..	67,210,998	
	Hospitalization ..	20,425,649	
	Life ..	118,471,677	
	Fraternal ..	2,145,304	
	<b>Total ..</b>	<b>332,894,580</b>	

<b>11</b>	<b>SAN FRANCISCO</b>	<b>10-10</b>	
	Stock Fire and Casualty ..	233,457,951	
	Reciprocal ..	39,700,760	
	Accident & Health ..	3,300,368	
	Hospitalization ..	24,082,118	

Life ..	8,917,965	
Fraternal ..	278,575	
<b>Total ..</b>	<b>309,737,737</b>	

<b>12</b>	<b>DETROIT</b>	<b>15-19</b>	
	Stock Fire and Casualty ..	83,846,453	
	Mutual Fire and Casualty ..	43,259,280	
	Reciprocal ..	32,154,305	
	Accident & Health ..	5,547,918	
	Hospitalization ..	109,966,507	
	Life ..	5,975,560	
	Fraternal ..	12,120,015	
	<b>Total ..</b>	<b>292,870,038</b>	

<b>13</b>	<b>DES MOINES</b>	<b>11-13</b>	
	Stock Fire and Casualty ..	12,055,073	
	Mutual Fire and Casualty ..	83,704,945	
	Reciprocal ..	10,113,911	
	Accident & Health ..	23,395,627	
	Hospitalization ..	16,119,444	
	Life ..	140,248,355	
	<b>Total ..</b>	<b>285,637,355</b>	

<b>14</b>	<b>COLUMBUS</b>	<b>20-22</b>	
	Stock Fire and Casualty ..	26,853,312	
	Mutual Fire and Casualty ..	180,370,625	
	Accident & Health ..	7,863,375	
	Hospitalization ..	20,377,142	
	Life ..	43,676,114	
	Fraternal ..	3,161,493	
	<b>Total ..</b>	<b>282,302,061</b>	

<b>15</b>	<b>OMAHA</b>	<b>13-14</b>	
	Stock Casualty and Fire ..	19,197,958	
	Mutual Casualty and Fire ..	645,689	
	Reciprocal ..	818,101	
	Accident & Health ..	173,304,594	
	Hospitalization ..	5,818,279	
	Life ..	51,786,214	
	Fraternal ..	19,638,117	
	<b>Total ..</b>	<b>271,208,952</b>	

<b>16</b>	<b>BLOOMINGTON, ILL.</b>	<b>23-</b>	
	Stock Fire and Casualty ..	8,019,823	
	Mutual Fire and Casualty ..	214,533,668	
	Reciprocal ..	3,290,047	
	Accident & Health ..	712,039	
	Life ..	21,502,252	
	<b>Total ..</b>	<b>248,057,829</b>	

<b>17</b>	<b>SPRINGFIELD, MASS.</b>	<b>12-11</b>	
	Stock Fire and Casualty ..	50,302,639	
	Mutual Fire and Casualty ..	24,613	
	Accident & Health ..	22,334,792	
	Life ..	148,116,957	
	<b>Total ..</b>	<b>220,779,001</b>	

<b>18</b>	<b>CINCINNATI</b>	<b>17-12</b>	
	Stock Fire and Casualty ..	14,433,351	
	Mutual Fire and Casualty ..	314,248	
	Accident & Health ..	8,447,202	
	Hospitalization ..	21,244,462	
	Life ..	155,963,532	
	<b>Total ..</b>	<b>200,402,795</b>	

<b>19</b>	<b>ST. PAUL</b>	<b>18-21</b>	
	Stock Fire and Casualty ..	122,518,895	
	Mutual Fire and Casualty ..	13,006,415	
	Accident & Health ..	3,738,557	
	Hospitalization ..	25,529,194	
	Life ..	29,869,458	
	Fraternal ..	2,561,895	
	<b>Total ..</b>	<b>197,224,414</b>	

<b>20</b>	<b>INDIANAPOLIS</b>	<b>19-23</b>	
	Stock Fire and Casualty ..	43,169,494	
	Mutual Fire and Casualty ..	55,264,330	
	Reciprocal ..	11,965,716	
	Accident & Health ..	6,701,252	
	Hospitalization ..	31,328,294	
	Life ..	45,421,975	
	Fraternal ..	1,299,209	
	<b>Total ..</b>	<b>195,150,270</b>	

<b>21</b>	<b>SEATTLE</b>		
	Stock Fire and Casualty ..	107,663,744	
	Mutual Fire and Casualty ..	27,106,469	
	Reciprocal ..	3,937,725	
	Accident & Health ..	3,677,524	
	Hospitalization ..	12,208,527	
	Life ..	17,156,463	
	Fraternal ..	226,374	
	<b>Total ..</b>	<b>171,976,826</b>	

<b>22</b>	<b>KANSAS CITY</b>	<b>14-16</b>	
	Stock Fire and Casualty ..	44,094,052	

Mutual Fire and Casualty ..	6,975,983	
Reciprocal ..	25,684,929	
Accident & Health ..	27,220,043	
Hospitalization ..	12,488,947	
Life ..	51,017,004	
<b>Total ..</b>	<b>167,480,958</b>	

<b>23</b>	<b>ST. LOUIS</b>	<b>21-18</b>	
	Stock Fire and Casualty ..	87,248,972	
	Mutual Fire and Casualty ..	507,700	
	Reciprocal ..	5,408,728	
	Accident & Health ..	13,625,310	
	Hospitalization ..	17,144,619	
	Life ..	36,432,350	
	Fraternal ..	2,219,330	
	<b>Total ..</b>	<b>162,587,009</b>	

<b>24</b>	<b>FT. WAYNE</b>		
	Stock Fire and Casualty ..	1,757,070	
	Mutual Fire and Casualty ..	471,722	
	Accident & Health ..	18,826,446	
	Life ..	135,834,403	
	<b>Total ..</b>	<b>156,889,641</b>	

<b>25</b>	<b>RICHMOND, VA.</b>	<b>24-</b>	
	Stock Fire and Casualty ..	37,469,303	
	Mutual Fire and Casualty ..	2,543,335	
	Accident & Health ..	18,399,095	
	Hospitalization ..	9,764,919	
	Life ..	83,602,718	
	Fraternal ..	169,248	
	<b>Total ..</b>	<b>151,948,618</b>	

## U.S.F. & G. Elects Phillips Chairman; Remains President

U. S. F. & G. has elected President Charles L. Phillips chairman. He will hold both posts as a result of an amendment to the by-laws permitting the same person to fill the two jobs.

As chairman he succeeds the late Joseph F. Matthai. Mr. Phillips became president last January succeeding the late E. Asbury Davis who then became president emeritus.

Mr. Phillips joined the company in 1910 after graduating from law school.



Charles L. Phillips

## Praises Companies in Handling Claims

Walter H. Deacon of Root & Boyd agency, Waterbury, Conn., an area hit by the floods that followed Hurricanes Connie and Diane, writes:

The damage to automobiles was tremendous, but the insuring companies handled the claims with dispatch and in such a way that it reflected great credit to all insurers. We feel that the industry rose to the occasion.

There were numerous transportation losses and losses under personal floater and package policies. These claims have been or are being handled in a very satisfactory manner.

## Nationwide Promotes Three

Raymond G. Smith, assistant treasurer of Nationwide group, has been appointed director of financial planning, a newly created department. His responsibilities include the tailoring of long-range financial plans to support the national expansion program.

Lance Greene, who has been assistant to Mr. Smith, will take over his functions as director of banking and finance.

James Applegate, standards and procedures manager in the office of operations, has been appointed director of policy and operational controls in the controller's office.



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## Neb. Association Schedules Speakers for Omaha Meeting

Program plans have been completed for the convention of Nebraska Assn. of Insurance Agents, which will be held at the Hotel Fontenelle, Omaha, Oct. 27-28.

Arthur M. O'Connell, executive committee member of National Assn. of Insurance Agents, will deliver the keynote speech, "The American Agency System—and Who Cares?"

A panel which will discuss avoiding pitfalls in casualty insurance is composed of Forrest R. Riddell, manager of Fireman's Fund at Omaha; Albert S. Blackburn, Grand Island Trust Co., Grand Island; Stephen G. Borstad, Travelers, Omaha; Barton H. Greenberg, insurance counsellor at Omaha, and Patrick E. Thomas of Lincoln.

Members of the panel which will discuss developments in fire insurance include Prof. Grant M. Osborn, University of Omaha; Clarence H. Metzner, assistant manager for Western Underwriters Assn.; Robert M. Byrne, Omaha; Harry F. Perlet, general manager of Inter-Bureau Insurance Advisory Group, and Harry A. Miller, secretary of Fire Association.

## Hartford Fire Club Names Dully President

The 25-year club of Hartford Fire group has elected Walter C. Dully, an examiner in the claims division of Hartford Accident, president.

Other officers are George L. Dunne, vice-president; Robert DeVore and Donald C. MacKinnon, secretary and assistant secretary, respectively, and Max Liberman, publicity director.

## Program Is Ready For Mass. Agent's Annual Oct. 25-26

A get-together luncheon Tuesday will officially open the annual meeting of Massachusetts Assn. of Insurance Agents, Oct. 25-26, at Sheraton Plaza hotel, Boston. The board will meet Oct. 24.

The luncheon speaker will be Eugene F. Gallagher, manager of Planet at Chicago, whose topic will be "The Time Has Come." Participants in a panel that will follow and their topics are Harvey C. Abbott, executive special agent of Hartford Fire, comprehensive dwelling policy of Interbureau Insurance Advisory Group; Stanley A. Gibson, executive state agent of Phoenix of Hartford group, broad dwelling forms, and Francis X. O'Leary, marine state agent of Employers group, homeowners policies A, B and C. William N. Woodland, editor of the Standard, will be moderator.

A reception will be held at 6 p.m., followed by the annual banquet, at which Thomas B. Dowd, traveling secretary of the Boston Red Sox, will speak on sports.

The local board advisory council will hold a breakfast meeting Wednesday at which E. L. McDonough, supervisor of tabulating service of the registry of motor vehicles, will talk on merit rating. The breakfast is open to association members. A business meeting for members only will follow.

Archie M. Slawsby of Nashua, N. H., member of the executive committee of National association, will speak on "It Looks From Here" at the closing luncheon.



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## Crafts Enlarges on Theme of Better Educator-Insurer Cooperation

James F. Crafts, president of Fireman's Fund, made some additions to his proposals that the insurance business do more to attract young people, in his address at the CPCU convention last week in San Francisco.



James F. Crafts

Earlier this year Mr. Crafts had discussed education in a talk before the Midwest Agents Conference, urging the cause of the business in the need for young talent. His address before the CPCUs offered some details on the basic subject from the standpoints of what education can do for the industry and what industry can do for education.

Mr. Crafts mentioned the summer fellowship program under which arrangements are made for insurance teachers to spend part of their summers with the companies, saying he inquired of these professors what impressed them most during their six-week stay with Fireman's Fund. All of them commented the outstanding value they obtained was the realization of the diversified opportunities for a young man or woman in insurance.

As another example that education lacks full knowledge of the insurance business, Mr. Crafts referred to surveys made by educators as to what college students think about fire and casualty insurance. These surveys show there is a limited knowledge of the wide range of jobs available, and the entire emphasis is placed upon the opportunity in sales. The students thought of insurance as uncreative, consisting of mechanical procedures requiring no individual consideration. They had no concept whatever that technicians are required.

Such erroneous viewpoints are not only indictments of education, but of insurance as well, Mr. Crafts admitted. The educators need help to overcome the deficiency, but at the same time they need to have as an objective the acquiring of greater knowledge of business.

Students aspiring to Phi Beta Kappa honors, or intending to go into post graduate work are a minority in any graduating class. The average student has no defined ideas about work he will do and as a start studies the list posted at the placement office, with emphasis on the offers carrying the highest starting salary. "Can anything more be expected when the means has not been made available to him to adequately assess the opportunities for the future?" Mr. Crafts asked.

To overcome this, he suggested it would be helpful if there were available several hours each week, as extra-curricular activity, during which each major type of business could tell its story so that the student could better determine what kind of work might be of interest to him. This would be particularly applicable to junior and senior classes. Such a program also could be carried out in high schools and business colleges, Mr. Crafts suggested. Those young people who are not going on to college should have the same opportunity, with the assistance of educators, to determine the

vocation that appears to best fit their individual talent and capacities, he said.

Some secondary schools invite business men to tell their story to interested members of the senior class, and Mr. Crafts said this type of cooperation on the part of business and education is a healthy thing.

Education can be of special help to insurance by sending to the companies young men with fresh viewpoints, new and practical ideas with the knowledge of how to use them, and the ability to envision the romance in the business. Mr. Crafts said educators have told him that young people are not attracted to a business which is steeped in tradition, but he went on to say that although insurance is a traditional business it has a need for people who will help build it on its already solid foundation.

Further, education can be of help in offering its research activities and capacities to insurance. There is a need to know about things still in the realm of the unknown that will effect the future welfare such as the weather pattern and the reason for the increased frequency in hurricanes; atomic power and its application to commercial activities; the development and use of electronics, and so on.

The insurance business has its own duties to perform, Mr. Crafts said. Insurance and education have been living in two different worlds even though dependent upon one another in many ways. Mr. Crafts pointed out that many private colleges are operating in the red and business has a responsibility to support them. Corporate wealth, he said, is the only real source of help, and providing it will produce a healthier economic climate. Aid to private education institutions is consonant with economic progress, he added. All segments of insurance should be aware of this and should enthusiastically support worthy institutions of higher learning.

Such support can even be viewed from a selfish standpoint, because insurance could not prosper if it did not have available to it technicians, engineers, safety and loss prevention experts and men trained in research, electronics, cost accounting and sales promotion. Insurance can be helpful also by telling educators of its needs and of the special training that will be of help to young people who may decide upon an insurance career.

Another aid to education that insurance can supply is the offering of services of qualified men in the business as lecturers and part-time instructors at colleges and universities, Mr. Crafts observed. Men with the CPCU designation are especially well equipped to assist in this line.

Another line of support would be those special courses designed to help make young men with a potential better executives. Insurance could sponsor and participate in "business-education days," especially those providing secondary school teachers with a better idea of the business world.

### Texas WC Hearing Oct. 25

Texas board of insurance commissioners has scheduled a hearing Oct. 25 at Austin to consider workmen's compensation and employers liability rates, rating plans, classifications, rules and endorsements.

## Nevada Agents Get Sales Suggestions

Archie M. Slawsby of Nashua, N.H., a member of the executive committee of National Assn. of Insurance Agents, gave several sales ideas that have worked well for his agency, in his talk at the annual convention of the Nevada agents in Las Vegas. His is a relatively small community of 40,000 but the agency has put more than 200 personal property floaters on its books, on risks within a radius of 40 miles.

Nashua is an industrial town with many factory workers. People earning less than \$5,000 a year are not, generally speaking, personal property floater buyers. Members of the agency believe there is nothing quite like the PPF and talk about it with confidence and enthusiasm. They use it as an entering wedge for other business.

Mr. Slawsby used to inventory homes himself, arguing that every insured should have one. Insured wants one but is too busy after a long day to tackle the chore and seldom gets around to it.

Mr. Slawsby did it the hard way. He wrote everything in longhand at the prospect's home, took the inventory back to the office and then dictated it for typing. Premiums were calculated, credits allowed, and then came the final sale. The inventory was taken exactly except for linens and clothing. The linens were estimated at so many dollars worth per bed, and knowing his prospects he had a good idea of what their clothing values were. He always added \$100 for money and \$250 for blanket jewelry, in order to get an adequate premium. He always sold on the 40-30-30 installment basis and indicated that this was the way the coverage was for sale.

The care that went into the making of the inventory impressed the housewife. Mr. Slawsby pointed out that these lovely possessions warranted the finest protection, coverage that was not sold from door to door because there is everything in the contract but a blank amount signed check.

The prospect was invited to buy as a select group. It worked.

The agency finally hired a man who had been an underwriter for 16 years and hadn't sold but wanted to. In five years he has resurveyed every PPF risk on the agency's books. The agency keeps copies of inventories and on each renewal the new man brings them up to date. It's a big job—but not too time consuming when making revisions at renewal time.

He has gone Mr. Slawsby one better. He carries a Dictaphone with him when he goes to the scene. He is not high pressure. He usually calls on the housewife during the day, Mr. Slawsby then sees the master of the house with the finished inventory neatly bound. Closing after this kind of pre-selling is simple.

The agency makes an average of one new inventory per week, and one new sale a week. The persistency of the business is the best of any line in the office. In three years the agency has lost two PPFs.

This line is a door opener for other lines. The agency places its marine business in companies which permit it to adjust and pay claims. It issues drafts up to \$100 and in amounts larger than that after getting telephone permission.

Mr. Slawsby once broke into three

(CONTINUED ON PAGE 18)

## Homeowners Policies Given Ohio Approval

COLUMBUS—Home owners policies A, B and C have been approved in Ohio as of Oct. 3. Filings of Multiple Peril Insurance Rating Organization have been approved by the insurance superintendent and many of the companies which have acquired multiple line powers under the new ML bill in Ohio are expected to write a very substantial volume in homeowners almost immediately.

It is noteworthy that the approved filing includes an installment payment plan. Insured will be able to pay one-third of the three-year payment plus 10% initially and a straight one-third at the beginning of the second and third years. Ohio insurance men have resisted installment arrangements on fire business for a number of years and there was considerable speculation over the chances for an installment plan for homeowners. Even the most arduous opponents of installment rules have been heard to admit that sales possibilities for homeowners would be seriously curtailed in the absence of such provisions. Many producers, however, were prepared to arrange premium financing if necessary.

Approval of the installment payment rules also necessitated approval of a special short rate cancellation table. This has been done.

A significant territorial variation in homeowners A and B for Ohio is a mandatory endorsement providing that 5% of the coverage on buildings is to apply to foundations.

Concurrently with approval of the MPIO filing, the insurance department put an OK on the identical filing made by Transportation Insurance Rating Bureau and on the similar filing of North America. The so-called "hand-in-hand" filing has also been approved. This is the arrangement under which homeowners policies, rules and premiums are filed by the local fire rating organization, Inland Marine Insurance Bureau, TIRB, National Bureau of Casualty Underwriters and Mutual Insurance Rating Bureau according to the recommendations of Interbureau Insurance Advisory Group. It is understood a number of independent filings along homeowners lines are still under consideration.

Interbureau's comprehensive dwelling policy became available in Ohio last March under a special arrangement which required that there be both a fire company and a casualty insurer involved in each policy. Ohio got ML legislation through a few months later and ML powers for companies which requested them became effective early in September. However, as of the present, the running-mate arrangement for the CDP stands.

It is believed CDP will be put on a ML basis in Ohio at the same time important changes in that contract—now in force in a substantial number of states—are approved there. The dual-company set-up will probably be retained for the benefit of Ohio insurers which do not take advantage of the new ML laws. The CDP changes referred to are those which included an increase in the fire and allied discount from 15% to 25%, addition of the special (all risks) building form to the optional features for CDP and extension of the eligibility rules to make a version of the contract available to tenants of residential quarters.



## WAB Fire Prevention Department Reports on Year's Activities

The annual report of the state fire prevention associations in the midwest



R. E. Vernor

and the fire prevention department of Western Actuarial Bureau shows that 88 town inspections were conducted during the year (July 31, 1954-Aug. 1, 1955), with 523 addresses given to civic groups comprising a total audience of 135,040. In the 33 years town inspections have been held under the aegis of WAB, 2,427 of them have been conducted.

Richard E. Vernor, manager of the fire prevention department of WAB, notes in the report that Indiana led with the most town inspections and made 22% of all individual property inspections in the 20-state territory. Nebraska had the best exhibit and most active booth, at the Omaha sports and vacation show, at which 15,000 persons registered. A town inspection manual was written in Missouri and as a result of the inspection at Trenton, 95% of all school recommendations were complied with.

In the showing of leading states from the standpoint of town inspections, number of risks inspected, risks criticized and total recommendations, Indiana took first place in all categories. Other leaders in town inspections were Illinois, Michigan, Missouri, and Oklahoma, and for risks inspected the four states following Indiana were Michigan, Oklahoma, Iowa and Missouri. Michigan, Oklahoma, Iowa and Missouri followed in order in number of risks criticized, and for total recommendations the states after Indiana were Michigan, Oklahoma, Iowa and Illinois.

In all, there were 88 town inspections, 16,886 risks inspected, 13,483 risks criticized and 45,259 total recommendations.

Michigan was the leader in the number of talks to students at town inspections, its total being 66 before an audience of 13,067, but in Indiana the total student audience was 23,124 for 62 talks. Other leading states in this classification were Arkansas, 39 talks before 9,659 students, Illinois 37 and 8,311, and Oklahoma, 36 and 8,182.

Rocky Mountain Fire Prevention

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Assn. held first place for the number of talks to adults with nine and an audience of 344. Indiana gave eight talks before an adult audience of 918, Michigan eight and 867, Missouri eight and 667 and Oklahoma eight and 1,076. The total was 523 talks to an audience of 135,040.

During Fire Prevention Week the field men and the staff of WAB gave 352 addresses to a total adult audience of 138,537 and 616 addresses to a student audience of 205,050. This produces a total of 968 talks before 343,587 persons. In addition to this, the WAB staff gave 40 fire prevention addresses to a total audience of more than 10,000 including such groups as a regional civil defense council, Milwaukee fire prevention school, International Assn. of Fire Chiefs, International Fire Waste Council, Fire Underwriters Assn. of the Pacific and Fire Apparatus Manufacturers Assn.

Local radio stations were used by association members in 15 town inspections. In Missouri the members participated in seven radio broadcasts and six TV programs. During Fire Prevention Week the field men made 63 radio talks and 39 TV appearances.

Emmett T. Cox of the WAB staff was on the radio 28 times and on TV eight times, and Harry H. Wolff made five radio and two TV appearances.

The WAB film library supplied films on a loan basis for 448 showings, and the pictures were viewed by some 50,000 persons at 104 locations in 15 states.

The U. S. Chamber of Commerce inter-chamber fire prevention contest handled by National Fire Waste Council, was vigorously promoted in WAB territory. Mr. Vernor is national chairman of the council's contest committee, and the states in the midwest produced 52% of the contestants in the national contest.

One of the big promotions of the WAB fire prevention department is the fire department instructors conference at Memphis. This year's conference was conducted Feb. 22-25. Originally, the conference was composed of those interested in basic fire department training, but it has now become a national institution presenting the latest techniques in training, fire fighting and fire prevention and protection. Mr. Vernor acts as chairman and is assisted by Mr. Cox as vice-chairman and Mr. Wolff as secretary.

The report also includes a review of the advances made in fog spray in fire fighting. Messrs. Cox and Wolff assisted in supervised full scale tests of this technique in nine states, these tests involving 112 fires. There has been a rapid increase in the use of fog or spray patterns, with remarkable savings in both time and water use in extinguishment, the report notes.

### C. H. Anderson Heads Manchester, Conn., Agents

Clarence H. Anderson has been elected president of Manchester, Conn., Assn. of Insurance Agents. A director of Excelsior, Mr. Anderson has been in the business in Connecticut for about 30 years.

### Opens Houston Claim Office

Northwestern Mutual Fire has opened a district claim office at Houston with Thomas W. Hughes as manager. Mr. Hughes has had four years of multiple line adjusting experience in Texas. He joined Northwestern Mutual in 1952.



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## Ask Writ of Court in Juror Ad Case

The U.S. Supreme Court has been asked by Ardy V. Barton, Los Angeles attorney, to review the judgment of the second district appeals court in the case of Barton vs American Automobile and Associated Indemnity in which the insurers are charged with attempting to influence a juror through advertisements which dealt with excessive jury awards.

The questions presented by Mr. Barton for review are:

1. Whether the constitutional guarantees of free speech and press immunize one against the charge of feloniously attempting to influence a juror in the following circumstances:

Where the accused is an automobile casualty insurance company constantly and widely engaged in personal injury jury trials, and where the accused intentionally and deliberately attempts to influence a juror with respect to his verdict in such a case by the following plan—the accused places an advertisement in a national magazine having one of the highest circulation figures in the U.S. with the expectation and purpose that the juror will read it. In the advertisement the accused addresses the juror as a juror and tells the juror that the more he awards the plaintiff—the more it is going to cost said juror in higher prices and premiums. A juror, Hazel Engelman, receives the advertisement-message, reads it, and is so moved thereby that she takes it to the jury room in the personal injury case which she is then trying and pins the advertisement-message on the wall. All the jurors read and discuss it and then render a verdict in the said case. The only purpose of the accused in publishing the advertisement and causing it to be sent through the mails to regular subscribers and purchasers is to influence the juror with respect to his verdict in personal injury cases. There is no conflict of evidence.

2. Whether it is necessary to make a showing of clear and present danger in such a case.

3. Whether such a case makes a showing of clear and present danger.

4. Whether a fine, or penalty or restraining order constitutes a prior restraint against the accused in such a case.

A statement in the petition explains this is an action begun on the relation and information of Mr. Barton. The attorney general of California brought an action in quo warranto against the charters of two insurers for violating the laws of the state. This is a civil suit and not a criminal action.

The cause of action, however, depends upon whether the insurers have violated the laws of the state. The action was filed in state superior court Nov. 13, 1953. The insurers filed a demurrer, which was sustained, on the

grounds of constitutional protection of free speech and free press. The complaint was amended to show, among other things, that the insurers attempted to influence a specific juror in a specific case. This amended complaint was again demurred to on the same grounds as well as no clear and present danger shown and the action constituted a prior restraint. The demurrer was sustained again by superior court. The petitioner refused to amend and appealed. There was no trial on the facts. All the facts were deemed true as alleged and the case was determined purely as a matter of law on the pleadings.

The appeals court sustained the judgment of the lower court, stating that the insurers were protected by the 1st and 14th amendments of the Constitution, that there was showing of clear and present danger, and that the action constituted a prior restraint. The petitioner applied for a rehearing which was denied. An application for a hearing in the California supreme court was also denied.

The appeals court's opinion says that in the first amended petition in quo warranto; plaintiff alleged that the insurers did cause to be published in various nationally distributed magazines, including *Life* and *Saturday Evening Post*, advertisements relating to the subject of excessive jury awards.

It was charged in the petition that these ads as well as an article in *Shop Talk*—a publication apparently sponsored by American-Associated group—that dealt with a campaign being conducted "to combat the important problem of unjust jury awards" amounted to a contempt of the judicial process and a conspiracy formed with the intent to corrupt jurors.

The petition asked for a restraint against further publication of said or similar matter or forfeiture of the companies' corporate rights in California or that they be fined.

The defendants filed a general demurrer on the grounds that the petition sought to violate and suppress their rights of freedom of speech and of the press guaranteed by the Constitution and that the facts alleged were insufficient to show a violation of the state penal code, a contempt of the judicial process or a conspiracy or intent to corrupt jurors, or grounds for a proceeding in quo warranto. The demurrer was sustained with leave to amend. Plaintiff declined to amend and a judgment of dismissal was entered.

### Ohio Casualty Opens 2 New Offices in East

Ohio Casualty has opened two new branch offices in the east to serve northeastern Pennsylvania and southern New Jersey. The Scranton, Pa., office is at 502 Glen Alden building and the New Jersey office is at 210 West Atlantic avenue, Haddon Heights. Managerial personnel of the new office formerly were at the Philadelphia branch of the company.

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## With A&H Problems so Great, How Can Top Management Ignore Them? Furey Asks

To sell the idea that company management should take a deep interest in an A&H program, W. Rankin Furey, president of Berkshire Life, used his company's experience in the field as an example in his talk before the Bureau of A&H Underwriters' annual meeting at Bretton Woods, N. H.

If Berkshire did anything really wise before entering A&H, it was when it decided, in the late 1940s, that a group of company men would visit a large number of companies with a prepared list of questions on A&H, he said.

Among the things the group noted was that there existed a rather general stepchild relationship between the A&H department and the rest of the company in both life and casualty organizations. It was usually accompanied by moderate success in building the A&H business, most often completely out of proportion to the great success the companies were having in other lines.

A few life or casualty companies had completely organized their A&H activity, but here the degree of integration between their other lines and A&H varied widely. In a few instances it was almost completely a separate company or organization. One fact did stand out, however—where top management was interested, the program was succeeding, Mr. Furey said.

In various technical phases or problems there was marked difference of opinion as to the correct approach or solution. There was a complete lack of tabular standardization such as is common in the life business—in premiums, loadings, morbidity tables, expense arrangements, commissions, etc.

This lack seemed to be encouraged by a completely different type of regulation by state insurance departments. In the life business, particularly for a company operating in New York, there is tight and detailed regulation, and it seemed that such regulation was not so rigid for the A&H business. Mr. Furey said he does not think the A&H business needs regulation of this type—he doesn't think it's good for the life business either. But freedom of reasonable action is left to the companies and with it must go responsibility for proper performance.

There was, at that time, a great unrest within the business, a growing interest by federal and state governments in the conduct of the business, and, he said, he noted some growing dissatisfaction. There were many new plans for future business. And, the study group noted, there was a considerable gap between the protection the public ideally needed and the results that the companies had achieved.

The group of Berkshire Life men were a little surprised at what they believed was a low percentage of premium dollar being returned to the policyholder in benefits and a rather high percentage used for expenses, reserves or profits. Also, the group noted some merchandising going on that did not seem compatible with their standards.

Mr. Furey said that they were a little astounded at the difference in price that could exist under policy forms or contracts which at first glance seemed to cover about the same thing, but, which on closer analysis, did not do so, due to differences in wording, clauses, or provisions of the contracts.

The group also noted a substantially increasing percentage of the total bus-

ness done by life companies—in 1954 it was up to 83%—as opposed to a low percentage in prior years. The best reason they could find for this was that in life companies there is an ideal fit which does not exist in casualty companies. Life companies consistently deal with people about their personal problems of dying too soon, or living too long, of having emergency money, into which insurance for per-

sonal loss of time is a natural and complete fit. On the other hand, he explained, in a casualty company, unless the A&H division were set up as a complete operating entity, it seems that the same contact and approach that deals with property insurances and liabilities does not so naturally lead into discussion of a man's personal problems.

He said the group was surprised, particularly in the life companies, at the large volume of business and premiums being developed from cash reimbursement coverages, and at how

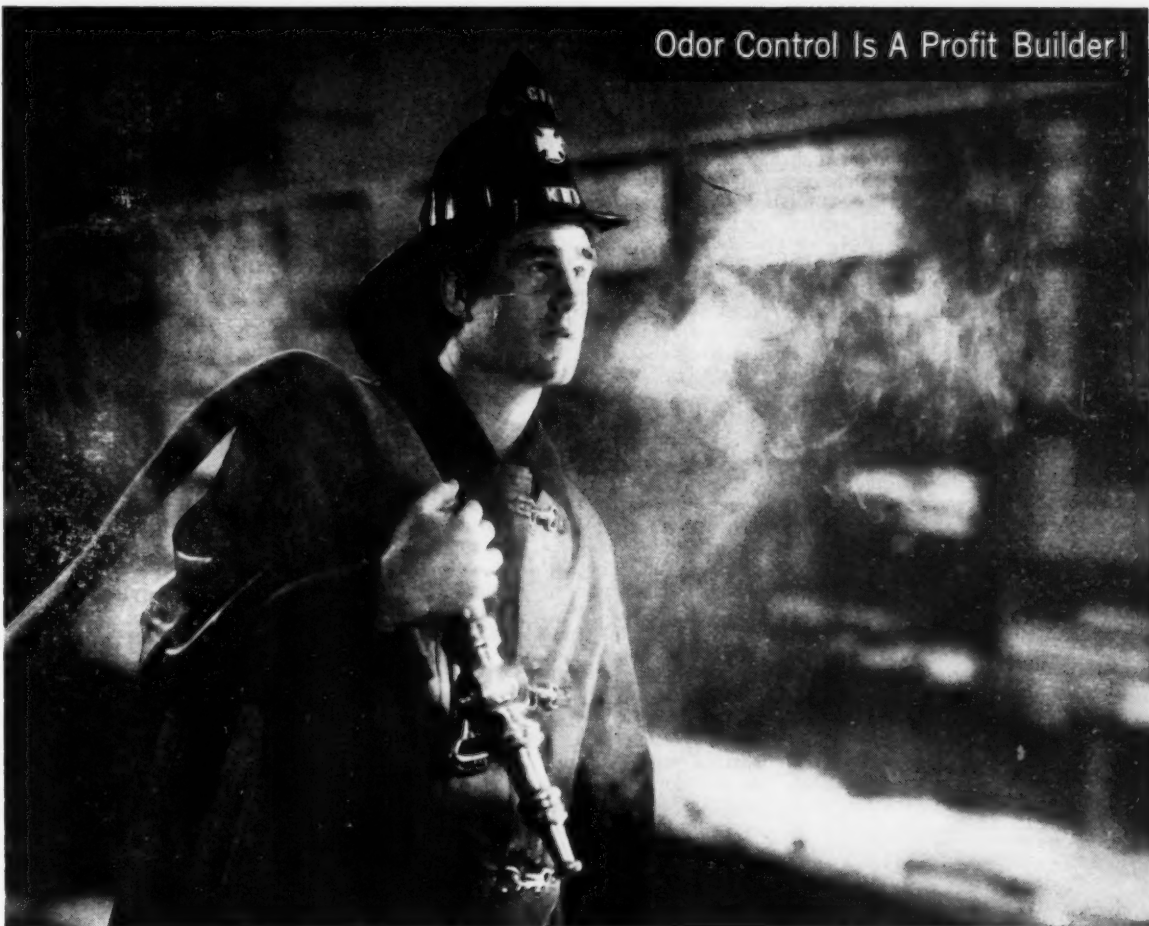
little they had done in the fields of long term disability, long term loss of income, economic death by disability, into which their service naturally led.

"If the problems are this numerous and this important, how would it have been possible for us to reach any conclusion other than that top management would get into the act and stay there?" he asked.

When Berkshire decided it was desirable to enter the field, it determined to offer the protection ultimately as a completely integrated process, slowly

(CONTINUED ON PAGE 24)

## Odor Control Is A Profit Builder!



## No Fire Sale Losses Here!

Fire in an adjacent restaurant filled a Long Island department store with dense smoke and heavy fuel oil odors. An inventory of over \$160,000 was threatened by the strong odors. It was feared that the store would be closed for three weeks with heavy loss of customer patronage. Business Interruption loss was estimated at \$40,000. However, none of these losses was suffered! Airkem Smoke Odor Service vaporized special odor-control formulations in the premises and completely neutralized all traces of smoke and fuel oil odors. Within three days, the store had reopened. Total cost of the Airkem service was less than \$1,500 . . . and no fire sale was held!

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## Discusses Proposal for Adoption of Comparative Negligence Rule in N.Y.

A proposal for the adoption of a comparative negligence rule in New York was discussed by Justice Walter R. Hart of the New York supreme court at the meeting of the insurance law section of New York State Bar Assn. at Syracuse.

He said that in following articles on the subject of comparative negligence he could not recall a single instance in which anyone attempted to justify the continuance of the doctrine of contributory negligence as a bar to recovery.

Mr. Hart asserted that one of the most brilliant arguments ever advanced against comparative negligence was contained in a report in the association's bulletin on a talk given before the lawyers at their summer meeting by Frederick S. Benson of Lumbermens Mutual Casualty, New York, in which he said that the person in New York state who is denied a recovery against another under the present system is not entitled to collect and should be made by society to bear the burden of his own wrongdoing. Mr. Hart agrees that every person should bear the burden of his own wrongdoing, defendant as well as plaintiff.

Mr. Benson argued that comparative negligence increases litigation. Mr. Hart commented that no one should be denied the right to sue if justice requires a remedy for a wrong done him. Mr. Benson also contended that it would increase the cost of insurance. Mr. Hart said this may or may not be a sound argument.

It is pointed out, however, Mr. Hart said, that in Wisconsin, where comparative negligence has been in effect since 1931, the rate of insurance has not increased to a greater extent than in the neighboring states which do not have such a doctrine, but the argument begs the question because "we must have justice regardless of cost."

In fact, with the necessary modifications of the doctrines of the last clear

chance, the active and passive negligence distinction and the compulsory joinder of all joint tortfeasors, as hereinafter suggested, the verdicts and the cost might well be diminished.

It is argued that comparative negligence is complicated. Mr. Hart said it has been demonstrated that where the accident occurs in a jurisdiction which has a comparative negligence rule, the juries have to pass upon the question of the negligence of the plaintiff and the defendant and compare each of them.

It is likewise true, that where an accident happens under circumstances which bring the admiralty law into play, juries have to pass upon the same question. Mr. Hart believes they do their job admirably and with apparent understanding.

Mr. Hart said Mr. Benson had cited instances in which there might be third party complaints and stressed the difficulty which juries might have in such cases. But, Mr. Hart said, "we have third parties and even fourth and fifth parties, plaintiffs and defendants now. I concede that some consideration will have to be given to a revision of the law relating to joint tortfeasors, the doctrine of the last clear chance and active and passive negligence."

If comparative negligence is adopted in New York, a plaintiff who fails to bring in every person who might be responsible for the accident, after service of demand to do so, runs the risk of having the jury decide the proportionate liability not only of the plaintiffs and defendants before the court but also any joint tortfeasor who is not before the court, and the plaintiff's recovery shall be limited accordingly.

Mr. Hart said Mr. Benson argued that in practice "we have comparative negligence today." If this is so, Mr. Hart asserted, why not make it legal? He said Mr. Benson stated that every adjuster worth his salt settles cases

regardless of the contributory negligence of the plaintiff, though at a reduced figure; and Mr. Benson stated that judges and juries in the past have applied the doctrine in pre-trial. Why should it not be applied in the actual trial of cases? Mr. Hart asked.

Mr. Benson's last argument was "our people are different," in which he referred to the psychology of the people of New York, especially of New York City. But Mr. Hart said he believed that the people in New York City are no better or worse than citizens elsewhere.

Mr. Hart said that it is exceedingly difficult for a judge to face a jury and tell its members they must deny recovery to a plaintiff who has inadvertently stepped off the sidewalk with the lights against him and is permanently crippled by a drunken driver operating his car the wrong way on a one-way street at 80 miles an hour.

The metropolitan view on this one subject is, he said, that what is good for the victim of negligence aboard ship is likewise good for the victims of negligence on the sidewalks, the highways and byways of New York City.

## Insurance Problems of Atomic Age on Conference Agenda

Insurance problems in the development of nuclear power will be discussed by a panel at the National Industrial Conference Board's conference on atomic energy in industry Oct. 26 at the Waldorf Astoria hotel in New York city.

James L. Madden, 2nd vice-president of Metropolitan Life, will preside over the panel, whose participants will include Charles J. Haugh, 2nd vice-president, compensation and liability department, Travelers; W. J. Satterfield Jr. of atomic energy commission and Arvine E. Upton, Washington attorney.

## Six Texas Local Boards Elect New Officers

Corpus Christi, Tex., Insurance Exchange has changed its name to Corpus Christi Assn. of Insurance Agents. Bert W. Roscoe is president, James Carlton, vice-president and L. J. Tucker, secretary.

Several Texas local associations have elected new officers, and they are: Brazoport association—President, G. C. Hardman; vice-president, W. H. Barbour, and secretary, Ina Sansom.

Dennison—President, Glen A. Hannon; vice-president, Guy Cooke, and secretary, Russell W. Oden.

Plainview—President, Eldon Smith; vice-president, James W. Davenport, and secretary, Land D. Wall.

Temple—President, W. G. Bailey; vice-president, William Skelton, and secretary, Maude Swink Land.

Baumont—President, Fred M. Griffin; vice-president, F. D. Broussard, and secretary, Mark Moore.

## Hasselwander Heads Agency

Joseph E. Hasselwander has been elevated from vice-president and treasurer to president of the George Dietrich agency in Rochester, N. Y., succeeding the late George Dietrich. Other officers are William Z. Johnson and William L. Bennett, former credit manager, vice-presidents; John W. Newell, who has been office manager, treasurer, and Dorothy M. Henderson, secretary. Leslie G. Loomis, former district sales manager in Buffalo of Liberty Mutual, has been named agency manager.

Leominster (Mass.) Board of Underwriters has elected William J. Whitton president, Hugo S. Padavano vice-president, Harold B. Farwell secretary and Nelo Tocci treasurer.

## Deviations of 16 Insurers are Given Approval in N. C.

Sixteen insurers have filed with Commissioner Gold of North Carolina deviations which have been approved for use during the next 12 months.

The companies and their deviations are:

Allstate, 20% auto BI and PDL, 10% auto PHD, except collision, 20% collision; American Fire & Casualty, 10% fire; American Druggists, 20% fire and allied lines; Church Fire, 20% fire and allied lines on Episcopal church property; Nationwide Mutual, 25% auto liability and PHD; Nationwide Mutual Fire, 10% fire and allied lines; Government Employees, 25% auto liability, 30% auto PHD excluding fleets; Harleysville Mutual Casualty, 10% auto liability, burglary and glass, 15% general liability.

Home Mutual Fire, Binghamton, N. Y., 20% fire and extended coverage, 15% auto PHD; Mutual Auto Fire, Harleysville, Pa., 15% auto PHD; North Carolina Farm Bureau Mutual, 20% auto liability, 25% auto PHD excluding fleets; Reciprocal Exchange, Kansas City, 15% fire for bottling works and breweries; State Farm, 10% fire and allied lines on dwellings and apartments not exceeding four families; State Farm Mutual Auto, 25% auto liability and PHD excluding fleets; Utica Fire, 15% fire and allied lines, 20% auto PHD; Vigilant, 15% burglary and glass, 20% auto PHD.

## Claim Denied in Floating Car Case

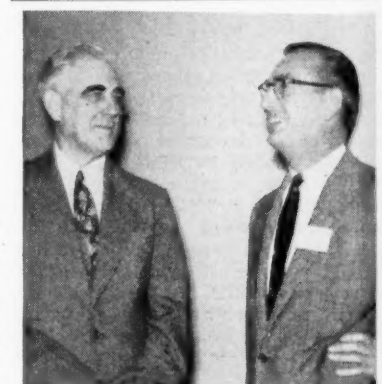
An unusual claim arising out of the recent floods involving a floating car that allegedly caused a building to collapse is being denied.

The claim is based on the motor vehicle damage part of extended coverage. A business man whose building was set on I-beams and located over a flooded river claimed that an automobile floating down the river hit the structure and caused it to collapse.

A considerable amount of money is involved.

## Abbott Manages Buffalo in Western New York

Buffalo has named Leo J. Abbott manager of the office in Buffalo which serves the seven western New York counties. Since 1946 he has been with Loyalty group, in production and underwriting capacities.



New chairman of the governing committee of Bureau of A&H Underwriters, Berkeley Cox, general counsel of Aetna Life, left, and Frank S. Vanderbrouk, president of Monarch Life and chairman of the governing committee of H&A Underwriters Conference, chatting at the annual meeting of the bureau at Bretton Woods, N. H.



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## Navarre Analyzes Changes in Mich. State Fire Fund

LANSING—Commissioner Navarre of Michigan has prepared an analysis of the operation of the state fire fund over the past 39 years to justify the 1955 legislature's action in reducing the amount to be maintained in the fund to \$250,000. Under the old law, the minimum balance was \$1,750,000.

According to the commissioner's figures, the gross annual cost of the fund, including losses paid and administrative expense, for all fires affecting state property in which losses amounted to less than \$500,000, was \$80,658. Gross average cost of fires in which damage exceeded \$500,000 was \$82,306 although there were only two such fires, one nearly destroying the Lewis Cass office building and the other damaged Southern Michigan penitentiary at Jackson, both within the past five years. Thus the state's cost has averaged about \$158,000 annually, deducting the annual interest earnings on the fund, amounting to about \$10,000 a year.

Commissioner Navarre said a departmental survey showed that self-insuring losses under \$500,000 and buying catastrophe cover for larger amounts would have boosted the average cost to around \$240,000 a year. That would have meant \$3,000,000 higher cost to the state over the period but the payoff on the two big losses probably would have far exceeded that amount, although comparisons are difficult to make because neither of the

damaged structures was rebuilt to reproduce its original condition. That fact Mr. Navarre considers important, inasmuch as the new law leaves it to legislative discretion to rebuild heavily damaged structures perhaps modernizing them at the same time.

Under the existing law, extra-hazardous risks can be and are insured, including the liquor control commission's warehouse stocks, the department of health's serums and laboratory supplies and the state libraries' books. These items could not well wait for new legislative appropriations in event of losses, it was noted.

Insurance also is carried on the new Stevens T. Mason office building which was built with funds borrowed from the state retirement funds. In order to protect that investment, private coverage was regarded as essential.

The commissioner questioned the wisdom of the legislature's action in transferring control of the fire fund from the insurance department to the department of administration but considered that change less important than the general improvement in status of Michigan's insurance program for state properties with the release for other uses of the large sum previously tied up in the fire fund.

## N. Y. Agents Conducting Series of Regionals

New York State Assn. of Insurance Agents is holding a series of regional meetings, at Garden City Oct. 18, Grossinger (Liberty) Oct. 20, Jamestown Nov. 1, Batavia Nov. 2, Syracuse Nov. 3, and Troy Nov. 4.

The series started at Pottsdam. At Garden City the morning will be devoted to a panel on homeowners. Participants are Edward Ryder, inland marine manager of St. Paul F. & M. group at New York; W. Arthur Quick, assistant general adjuster of Home, and the following local agents: Myron W. Bergin of Easton, Pa., George A. Ward of Far Rockaway, N. Y., and George Homer of Mt. Vernon, N. Y. J. Fred Waldron of the host region will be moderator.

In the afternoon speakers will be Arthur L. Schwab of Staten Island, president of the state association; Robert J. Stearns of Poughkeepsie, president Dutchess county association; Ben Hemler of Jamaica, David S. McFalls, New York, Joseph A. Neumann of Jamaica, past president of NAI; J. G. Mayer, executive secretary; Kenneth W. Haslam, Rosedale, and H. Clay Johnson, deputy U. S. manager of Royal-Liverpool.

## Republic Indemnity Names Underwriter; Two in Field

John F. Heller, field representative for Great American for seven years, has been named underwriting manager of the newly-organized fire division of Republic Indemnity of Ohio. Reed F. Warburton and Robert V. Collins, formerly of Mill Mutuals of Ohio, have been named to Republic Indemnity's field staff.

## Blake Named Balboa V-P

LOS ANGELES—John T. Blake has been elected vice-president of Balboa. Mr. Blake, who has been with Gulf at Los Angeles since 1953, started in insurance in 1937 at the home office of Royal Indemnity. After the war he was with Royal at Los Angeles, and in 1947 he went with an agency. Later that year he joined Security of New Haven at Los Angeles, and was at Louisville before joining Gulf. He has also been elected vice-president of the affiliated Arrowhead, another Seaboard Finance insurer.

Evelyn Sewell, for the past 10 years with the insurance department of Henry Broderick, has joined Alpha Services of Seattle.

## Says Comparative Negligence Rule Would Hike Rates

The adoption of a comparative negligence rule in New York would result in judicial manpower being taxed even more than it is now and insurance premiums would rise to almost prohibitive rates, Justice William E. McCluskey of the New York supreme court told the meeting of the insurance law section of New York State Bar Assn. at Syracuse.

He said it is urged that a comparative negligence rule will reduce excessive verdicts and give to both litigants a better break. The basic assumption of such a thesis is that there is a rash of excessive verdicts. That is not true. If there is at any time and place such a situation, some personalities are at fault and not the present theory of negligence.

Mr. McCluskey said that while it is true that some states have adopted the comparative negligence theory, it does not follow that the thickly populated, highly industrialized state of New York should follow suit. Will it expedite the administration of justice? Mr. McCluskey doubts it, for a salutary deterrent to bringing doubtful actions today is the penalty of costs, should one be contributorily negligent.

The population of the states that have adopted comparative negligence is nowhere near equal to that of New York City. The theory does not appear to him to be as good either abstractly or practically as the theory of proximate cause with its subsidiary adjuncts of negligence and contributory negligence.

## Name Two Special Agents for Traders & General

Traders & General has named Donald F. Morrin a special agent in charge of its San Diego office and Silvon L. Dover a special agent for Colorado.

Mr. Morrin, who will have headquarters in the Spreckels building, San

Diego, has been in the local agency business in Chula Vista, Cal., for the past nine years. Mr. Dover, who will have headquarters in the Gas & Electric building, Denver, will service the company's Colorado agents outside Denver metropolitan area. For the past four years Mr. Dover has owned and operated Matterhorn Co. agency, Denver.

## Gregory IBM Manager for Aetna Fire Group

Aetna Fire group has named George Gregory manager of the IBM processing department in the home office, succeeding Thomas W. Lennox, transferred to the planning and methods department where he will be associated with Assistant Secretary Ragnar E. Anderson.

Mr. Gregory has been superintendent of the tabulating department of the western department for three years. He joined the group in 1936 as a bookkeeper in the western department. Mr. Lennox joined the group in 1940 as supervisor of the tabulating department and became supervisor in 1942.

## Fireman's Fund Offers Field Service at Peoria

The casualty department of Fireman's Fund is now offering resident field service for central Illinois agents whose business clears through Peoria.

Special Representative Lynn C. Miles has been transferred from Omaha to Peoria.

## Anchor Casualty Has Open House for H. O. Addition

Anchor Casualty formally opened the new \$500,000 addition to the home office with an "open house" for employees, their families and friends. More than 500 persons toured the new three-story fireproof addition which increases home office space to 55,000 square feet and makes possible a more efficient arrangement of departments.

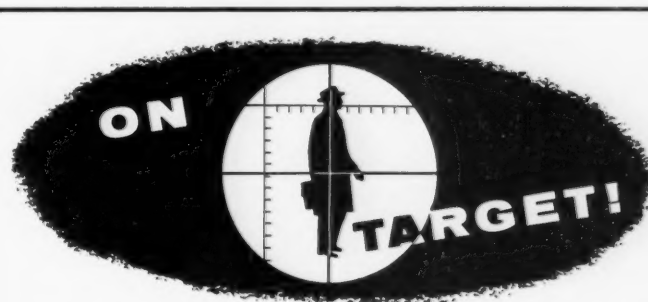
John J. Lamb has been elevated from general manager and treasurer to president of J. W. Dillon agency of Barre, Vt., succeeding the late James Sector. Allan R. Johnston becomes vice-president and George E. Milne a director.



After the annual dinner of Bureau of A&H Underwriters at Bretton Woods, N. H., at which veterans of the business were honored, A. B. Hvale, assistant secretary and consulting actuary of Continental Casualty, left, one of those honored, got together with John P. Hanna, managing director of H&A Underwriters Conference, a guest at the meeting.



Company men talked over A&H problems at the annual dinner-dance at the meeting of Bureau of A&H Underwriters at Bretton Woods, N. H. Shown here, from the left, are Charles G. Daugherty, 2nd vice-president of Metropolitan Life, George E. Light and R. J. Sullivan, secretaries of Travelers, and Dr. W. J. McNamara of Equitable Society.



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## Investment Firm Sees Somewhat Unfavorable Period for Stocks

Merrill, Lynch, Pierce, Fenner & Beane, large New York investment firm, in a recent survey of the investment outlook in major fields of activity terms the market prospects for fire-casualty insurance relatively unfavorable. Fire-casualty insurance stocks will be increasingly influenced by competitive rate and sales problems, which are becoming more important than favorable portfolio and liquidating value trends, the survey states. However, investment standing is high for the major fire-casualty stocks, and price risk is about average.

Fire-casualty underwriting experience to date in 1955 has been mixed, with fire losses running slightly ahead of last year, the firm states. Investment income and liquidating values are up. The emphasis of many stock companies on developing fully into multiple line organizations, thus adding to competition among themselves, has led them to ignore the more serious competitive problems posed by not only direct writing companies but also several large agency companies.

These companies are forcing changes in rate and merchandising methods, the report concludes, particularly in fire and auto lines. Investment should be directed toward these stock companies which appear to be moving to protect themselves—and which by so doing may within a few years secure a considerably larger portion of the business.

## Iowa Insurer to Install Safety Belts in Its Fleet

Employers Mutual Casualty will install safety belts in the front seats of all its fleet automobiles.

The company operates about 110 automobiles, most of them driven by field and claim personnel in 30 states.

## Mutual Company-Agent Meet Set for Raleigh

The annual company-agent relations meeting sponsored by North Carolina Assn. of Mutual Insurance Agents will be held Oct. 27 at Raleigh.

The meeting is designed to offer agents and company executives an opportunity to consider the specific problems and objectives of the mutual agency business.

On the company portion of the agenda committee are Milford Landis, counsel of Central Mutual; T. L. Osborn Jr., vice-president of American Manufacturers Mutual; John D. Cox Jr., vice-president of Berkshire Mutual Fire; William H. Marquess, secretary of Harford Mutual of Maryland, and Fred Greenwood of Lumbermens of Mansfield.

The agency portion of the agenda committee is composed of Dwight Stephens of Charlotte, Hugh H. Murray Jr. of Raleigh and Paul S. Cash of Morganton.

## W. Va. Doctors Can Get Group Malpractice

Members of West Virginia State Medical Assn. have been notified by Dr. Charles A. Hoffman of Huntington, insurance committee chairman, that arrangements have been made with Buckeye Union Casualty for group malpractice coverage on a statewide basis.

The physicians and surgeons already have group A&H, a plan in which 61% of the members participate. Dr. Hoffman also suggested to members that they carry premises liability coverages at the same time and with the same company.

## Part of Commercial Union Operations in N. Y. Integrated

Fire and casualty operations of Commercial Union-Ocean group in central and eastern New York have been integrated with headquarters at Syracuse. The group's operations in that area will be under the supervision of C. L. Newman, manager, who will be located at 1002 Hills building.

Mr. Newman previously supervised territories in both central and eastern New York. He has spent his entire business career with the group.

Mr. Newman will be assisted by Robert L. Hughes and Stanton Fay, special agents for central New York, and L. A. Langer, special agent for eastern New York.

## Moves Offices in N. Y.

The metropolitan department and marine office of Commercial Union-Ocean group in New York city have been moved to a new modern, air-conditioned building at 156 William street.

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## State

## Reappraisal of Product Urged by Stellwagen

(CONTINUED FROM PAGE 1)

are a charge on the wise and the prudent who purchase insurance. The situation is aggravated when certain classes of insurers are exempted from privilege taxes and license fees imposed upon stock companies.

Mr. Stellwagen asserted that "we must protest vigorously against legislation which would improperly or unnecessarily add to the cost of insurance. Such increases in cost discourage the purchase of insurance and are inimical to our proper objective of securing the maximum distribution of our product at proper rates."

The threat of compulsory automobile insurance, although dormant in some jurisdictions, is not dead. The present danger in the situation is that "we may become weary of the battle and so let ourselves be beguiled into believing that compulsory is not the evil which in our hearts we know it to be. For example, the highly dramatized problem of the innocent victim is being dumped in our laps. I don't think it belongs there. Goodness knows, we have devised and made available all sorts of accident insurance—some tied in with our liability policies, others not—the purchase of which will compensate for medical expenses arising from automobile accidents regardless of fault. We should, and I think we will, give constant consideration to additional voluntary coverage which will further minimize the problem."

"Let us not betray the principles of the platform upon which we have stood; let us not forsake the friends in and out of the legislatures who have seen eye to eye with us. Rather let us rededicate ourselves to our opposition

to compulsory automobile insurance which we know to be a bad thing for the public whom we are dedicated to serve."

Scientists have presented the business with a glorious opportunity to extend its activities into new and limitless fields and "it behooves us to grasp it with alacrity and enthusiasm." The most dramatic of the new industrial developments is atomic energy and the business is being called upon to underwrite the hazards involved in this field not tomorrow but today. It is to be hoped that all companies and agents may so cooperate as to make available an adequate insurance market for the peaceful employment of atomic energy.

Mr. Stellwagen said in the writing of atomic energy risks and other new and unusual risks, he feels the stock companies may rightfully expect that the regulatory authorities may be receptive to rate making by judgment on a risk by risk basis. "If we are to keep the government out of this business and if we are to prevent its flow to unauthorized insurers, then we must be free to apply our best judgment in the making of rates and in the construction of policy forms to the new and unprecedented hazards we are called upon to cover."

He maintained that if the business looked back over the past 20 years, it would find that the chief concern in the area of rating has been the improvement of its procedures for the large commercial risk. Graduated expense loadings, retrospective rating, composite rating, and plan D have enabled the agency companies to deal

justly and equitably with the large business risks and to maintain their position in a highly competitive field.

"Some of you will say, 'We are not so one-sided as you make out. Many large agents and brokers operate personal insurance departments.' Granted, but the backbone of such personal insurance production consists of policyholders in the higher income brackets including the executives of plants and businesses on the producer's books. Of course, we write a good volume of personal casualty risks. By and large we are not geared to attack the huge mass market of personal risks."

In short, agency companies are specialty writers in the insurance of the business and industrial risks of America. That is their central role today and they play it well.

But the business is now being confronted with other and different specialty writers—specialists in the writing of the mass market of personal risks. Certain companies have found the way to manufacture and to distribute automobile insurance to millions of private passenger car owners in the U. S.

He said that that insurance was lost—temporarily at least—to the agency companies.

"What should we do about it?" he asked. "Shall we imitate our competitors? Shall we streamline our policies which is a euphemism for paring the coverage? Shall we cut rates? Shall we devise some novel scheme for the distribution of our policies?"

In his opinion, the answers to these and other questions which the problem poses must be consistent with the basic objective of stock insurance. The selling of quality protection must be continued—the broadest and best that can be devised. Agency companies must continue to charge proper rates—rates which will not short-change the policyholder on any element of service which he is entitled to receive. And, finally, the companies must continue to seek the maximum distribution of their policies through independent insurance producers.

He said agency companies engineering and payroll audit departments trained experts in fidelity, surety, workmen's compensation, aviation, and general liability fields, and have developed facilities for dealing with catastrophic loss potentials, all things the automobile specialty companies do not have. On the other hand, the automobile specialty companies have built organizations with low overhead which merchandise their single product to the maximum number of potential customers.

Mr. Stellwagen told the agents and executives that their type of organization is not geared to specialization in the mass automobile market. "If it is our desire and intent to play an important role in the mass automobile market or personal risks, then we must organize for that purpose. We must organize to deal with a profound change in the social and economic life of this country," he said, referring to the tremendous growth of the middle class home-owning population and its concentration in the suburbs and new housing developments adjacent to the large cities.

He termed this America's new frontier and said the stock companies are not giving it the attention it demands. Retail business has seen this change and has shifted with it—either through decentralization or by complete transfer to local shopping centers. The banking business follows the same pattern. It is this market which is gradu-

ally slipping away from the agency companies and it is for its recapture that they must reorganize. The company with one or two large agents in the big city will not get this business and the agent with an impressive office in the mid-city will not get it. "We must place our points of production in those areas where people live and congregate and do their business."

The companies will, he declared, have to consider the appointment of agents who will develop these areas. Agents will have to consider the opening of small offices in shopping centers and the institution of a program of personal risk solicitation by personnel trained for that task. Considerable thought must be given to advertising—whether in newspapers, on the radio or TV.

The stock companies will have to ponder a change in their traditional underwriting attitude which has been unsympathetic to unduly heavy commitments in the automobile field, and re-appraise their product both as to price and form. They may have to use a six-month policy or offer easy and convenient methods of installment payment to keep in step with the buying habits of the people, and they will have to study methods for simplifying the processing of the business.

Mr. Stellwagen said "we have grown fat and have lost the zeal for production which characterized less prosperous days. The gospel of protection was first preached by the independent insurance producers of America. It was they who educated the people of this country to the need of the protection which our policies offer. It is bitterly disillusioning to see others gather the harvest of the evangelism."

He told the agents and executives they have heard it said of well paid professional athletes, who have achieved success in their chosen sport, that they are no longer hungry and, therefore, unable or unwilling to exert themselves as they did at the beginning of their careers when they had to struggle to eat. Can it be that there are no longer hungry agents? He directed the same question to company personnel.

Will the stock companies and their agents accept the challenge and meet the test? He said he for one was sure that they will.

Mr. Earls said the automobile situation is working out and "the underwriters don't have to dye their hair any more. The loss ratios have improved, the market has loosened, the business is brighter and we all can relax a little."

However, he said, in talking with top executives he has found a restlessness on their part that stems from the fact that direct writers are going ahead by leaps and bounds in their writing "while our old line companies, enjoying a profitable year, have not



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had the same increase in auto premiums."

There are rumblings of possibilities of ways and means to increase premiums and some of these ideas concern the producer groups in the seriousness of their scope. At the moment Mr. Earls said he sees one that is of real concern to the agency ranks.

Several companies have organized casualty subsidiaries for the avowed purpose of trying to write auto business on a modified basis, at lower rates, in order to garner some of the business of the direct writers, he asserted.

This idea is good, but the process that is explained is that direct billing, six month policies, streamlined methods and lower commissions will produce the lower cost necessary to meet the competition. On first blush, it appears that the most drastic cut in the method of operation is reduction in commissions that each agent must stand. The second feature is the streamlined method of issuing policies.

Mr. Earls maintained that to him neither of these is the answer—"because if it were why wouldn't each company executive already have gone hammer and tongs into his own organization to reduce the cost of issuing policies. Reduction in acquisition cost or commission—to an agent they are the same—isn't the answer either. Strange though it may seem, our rents have increased, our people need more take home pay. We are all aware of that—if we weren't, we would have one man agencies today."

To the association the right of private contract with each of the agents' companies exist. To Mr. Earls the answer is not in the mere fact that some companies have cast the die and are going to do certain things, operate in peculiar ways—to hell with the agent; rather it is a problem that confronts the agents and companies as a team.

Mr. Earls said the agents' association would provide its soundest and most practical members as a committee to foster an immediate concerted group with the companies and other producers to find an answer to the problem that would be mutually satisfactory to all.

Another thing that disturbs him is the attitude of the federal government toward the producing ranks of the

business. During World War II many phrases were coined in Washington—mink was a dirty word and five percent was even worse. Today when "we deal with the duly authorized officials in Washington these men still think of mink and five percenters, and a commission to a producer is in the same category."

Also, when any mention is made of commission as a necessary part of the insurance business a "horrible look of terror" shows forth in the eyes of these officials. Mr. Earls said this wasn't true of all officials in Washington because there are some who understand the producers' position and are sympathetic, but the great majority have no interest in the latter's part in the business. Unfortunately, some company people, in their eagerness to participate in the tremendous governmental business, share the same views and are willing to forego the part the producer has played these many years.

Mr. Earls praised multiple line writing and noted that there has been tremendous interest in it since his state of Ohio approved the writing of multiple line business.

There certainly is room in the business for improvement and it is high time "we started doing something about it." For example, he said, "we certainly could start with territorial differentials that exist in the physical damage, bodily injury and property cover on automobiles."

It always irritates him to have to use two different manuals to rate one car. He is in Western Underwriters Assn. territory in Ohio, but when he does business in Pennsylvania, a neighboring state, he can scarcely understand some of the terms and words used in a policy. "What does an insured think of all these many entanglements? He thinks we're crazy," Mr. Earls said.

The past two years have brought with them activity on the part of the companies which no agent or producer can overlook. The tremendous amount of advertising that has been developed extolling the agency system and the importance of the producer groups in the development "of our way of life cannot go unnoticed," he said in expressing his appreciation to the companies and their advertising departments for their efforts in behalf of the agents.

## Auto PHD Revised in Miss. and Ky.

New rates for automobile material damage coverage in Mississippi and Kentucky, filed by National Automobile Underwriters Assn., effective Oct. 3, will result in an annual estimated savings of \$725,000 in Mississippi and \$2 million in Kentucky.

Private passenger comprehensive rates are reduced 10% in Kentucky and increased 4% in Mississippi.

Rates for \$50 deductible private passenger collision are reduced 12% in Kentucky, varying by individual rating territories from 4 to 21%, and are down 5% in Mississippi. Private passenger \$100 deductible rates are down 18% in Kentucky and 22% in Mississippi.

In both states the credit for young women drivers and for driver education apply.

In Kentucky, commercial local hauling fire, theft and comprehensive rates are down 21%, commercial local hauling collision rates are reduced 7%, commercial intermediate and long distance hauling fire, theft and comprehensive rates are cut 27% and collision rates for these classes of commercial vehicles are reduced 9%.

In Mississippi rates for commercial local hauling fire, theft and comprehensive and commercial intermediate and long distance hauling fire, theft and comprehensive are reduced 35% each. Collision rates for these classes of commercial vehicles are increased 23%.

## Line Up Schedule for 14 Texas Regional Rallies

Meetings, places and dates for the 14 regional meetings of Texas Assn. of Insurance Agents have been selected.

The programs for the one-day sessions are largely identical, with one or more staff members of the board of insurance commissioners and a company organization spokesman discussing new developments and with association officers bringing the members up to date on activities.

The meeting schedule for this year follows: Wichita Falls Oct. 18; Amarillo Oct. 19; Plainview Oct. 20; Greenville Nov. 15; Nacogdoches Nov. 16; Beaumont Nov. 17; Waco Dec. 13; Stephenville Dec. 14; Brady Dec. 15; Midland Jan. 10; El Paso Jan. 11; San Antonio Feb. 14; Corpus Christi Feb. 15, and Brownsville Feb. 16.

## State Farm Makes First Bow in New England

State Farm Mutual Auto has been licensed in Vermont, the first New England state the company has entered.

Vermont has also licensed the affiliated State Farm Fire & Casualty. State Farm Life has been licensed in Maine, New Hampshire and Vermont. State Farm Mutual is now in 43 states, District of Columbia, and Ontario.



Writings were off, commissions dropping. But then the Pacific National fieldman came along and suggested we make a few calls on my toughest prospects. Sure enough, we lined up some worthwhile business that I'd missed — and the sun came out again.

The Pacific National special agent, I've found, is not only an expert in his business, but also genuinely interested in my success. It's a good policy to have such a man on your side!

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## Convention Dates

- Oct. 3-6, California Assn. of Insurance Agents annual, Biltmore and Statler hotels, Los Angeles.
- Oct. 9-12, Conference of Mutual Casualty Companies, Jefferson hotel, St. Louis.
- Oct. 9-13, National Assn. of Mutual Insurance Companies, annual, Jefferson hotel, St. Louis.
- Oct. 10-12, Federation of Mutual Fire Insurance Companies, Jefferson hotel, St. Louis.
- Oct. 16-18, Maryland Assn. of Insurance Agents, annual, Fort Cumberland hotel, Cumberland.
- Oct. 17, Rhode Island Assn. of Insurance Agents, annual, Sheraton-Biltmore hotel, Providence.
- Oct. 17-19, National Assn. of Mutual Insurance Agents, annual, Netherland Plaza hotel, Cincinnati.
- Oct. 17-19, Western Underwriters Assn., annual, Greenbrier hotel, White Sulphur Springs, W. Va.
- Oct. 17-19, Wisconsin Assn. of Insurance Agents, annual, Sheraton-Biltmore hotel.
- Oct. 21-22, New Mexico Assn. of Insurance Agents, annual, La Fonda hotel, Santa Fe.
- Oct. 23-25, Arizona Assn. of Insurance Agents, annual, Westward Ho hotel, Phoenix.
- Oct. 23-25, Kansas Assn. of Insurance Agents, annual, Town House hotel, Kansas City, Kan.
- Oct. 24-25, Tennessee Assn. of Insurance Agents, annual, Andrew Johnson hotel, Knoxville.
- Oct. 25-26, Massachusetts Assn. of Insurance Agents, annual, Sheraton-Plaza, Boston.
- Oct. 26, Connecticut Assn. of Insurance Agents, annual, Hotel Statler, Hartford.
- Oct. 26-28, Insurance Accountants Assn., annual, Shoreham hotel, Washington, D. C.
- Oct. 26-28, American Management Assn., insurance conference, Palmer House, Chicago.
- Oct. 27-28, Nebraska Assn. of Insurance Agents, annual, Fontenelle hotel, Omaha.
- Oct. 27-28, Pacific Fire Rating Bureau, annual, Camelback Inn, Phoenix.
- Oct. 30-Nov. 1, Missouri Assn. of Insurance Agents, annual, Muehlbach hotel, Kansas City.
- Oct. 31, National Assn. of Mutual Casualty Insurance Companies, annual, Edgewater Beach hotel, Chicago.
- Oct. 31, National Assn. of Automotive Mutual Companies, annual, Edgewater Beach hotel, Chicago.
- Oct. 31-Nov. 2, National Assn. of Independent Insurers, annual, Sherman hotel, Chicago.
- Oct. 31-Nov. 2, American Mutual Alliance, annual, Edgewater Beach hotel, Chicago.
- Nov. 2-3, Michigan Assn. of Mutual Insurance Agents, annual, Hotel Statler, Detroit.
- Nov. 7, Fire Underwriters Assn. of the Mountain States, annual, Denver.
- Nov. 14-16, Indiana Assn. of Insurance Agents, annual, Claypool hotel, Indianapolis.
- Nov. 16-17, Iowa Assn. of Mutual Insurance Agents, annual, Des Moines.
- Nov. 20-23, Kentucky Assn. of Insurance Agents, annual, Kentucky hotel, Louisville.
- Nov. 27-29, Illinois Assn. of Insurance Agents, annual, Edgewater Beach hotel, Chicago.
- Nov. 28-Dec. 2, National Assn. of Insurance Commissioners, mid-year, Hotel Commodore, New York City.
- Dec. 14, Eastern Underwriters Assn., annual, Biltmore Hotel, New York City.

## Okla. Insurance School Scheduled for Nov. 16-18

Oklahoma Assn. of Insurance Agents will sponsor its annual insurance school Nov. 16-18, at the University of Oklahoma.

The school will be divided into three sections, all under the direction of James L. Reinmiller of Hobart.

William F. Johnson of Newkirk will direct the section on automobile coverages; Miss Pauline Avery of Kingfisher will direct the workshop section on fire policywriting and Wayne A. Smith of Lawton will direct the section on general liability.

Students passing examinations in the automobile or general liability sections will receive certificates toward the diploma awarded by the National association.

Commissioner Hunt will address an evening forum on the need for a revised insurance code for Oklahoma and increased budget for its administration.

Enrollment blanks may be obtained from the director of short courses at the University of Oklahoma.

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# Fire and Casualty Insurance

## COMMENTS - TRENDS - OBSERVATIONS

### Claims, Legal Departments Can Nullify or Enhance Public Relations Gains of Agents

An inept or bungling claims or legal department of a company can nullify the good impression created and maintained by the field force and the prompt and continuous servicing by the company, Joseph R. Stewart, associate general counsel of Kansas City Life, said at the meeting of International Claim Assn. at Lake Placid, N. Y.

Claims men are instruments of good or ill will and by their handling of claims they can encourage and confirm in the claimant, his family and community, confidence and satisfaction in insurance and the company, or destroy, by careless handling, or over-emphasis on technicalities, the confidence not only of the claimant but of his family, friends and his association in the community.

He described a small life company which has a "benefits" department rather than a "claims" department, and suggested the changed wording points up the thought insurers should be trying to foster. It is an affirmative rather than a negative approach. The manner in which policy obligations are handled by the claim and legal departments determines largely the standing and reputation of the companies and is reflected either favorably or adversely in the attitude of the public towards insurance in general, he said.

Claim men and insurance lawyers have a sensitive and vulnerable part in the business. He said he is sure that more than 90% of claims are disposed of promptly and satisfactorily with little or no friction. If the claim papers reasonably approach requirements, where only minor discrepancies are involved, in the interests of economy and good public relations, they should be approved. Where doubtful or resisted claims are involved, the observance of a few simple rules should do much to insure a fair and equitable and sensible handling of such matters, he said.

A sound and careful investigation—fair to policyholder and company—of doubtful or borderline cases often provides the answer without further fuss or frustrations. It is when the companies are content with a skimpy investigation or cursory look at the facts that the trouble starts.

For example, a number of years ago, Mr. Stewart's company had a substantial double indemnity claim in New Mexico. A farmer was reported to have fallen from his barn roof and died of his injuries. An inspection report was entrusted to a local lawyer. The report indicated rather strongly that the farmer and his wife had had an argument and she had pushed him out of the hayloft. Because of the amount involved, Mr. Stewart investi-

gated and found a number of neighbors who witnessed the whole thing. There had been a severe windstorm, damaging the barn and a number of neighboring farm buildings, and the neighbors were inspecting the damage. The farmer was on the roof of the barn pointing out some damage when he slipped and fell. There was nothing to do but approve the claim and pay the money.

Afterwards, Mr. Stewart learned the lawyer had had trouble previously for doctoring up open and shut claims, inducing denial, and promptly soliciting the cases for litigation. That is an exaggerated instance, he pointed out, but it does show that if an attempt is made to get the facts in the first place, claims men can save themselves expenses and headaches and injustice to the claimants.

When a doubtful or borderline case is encountered, the investigation should encompass all the facts including hospital records and doctors' statements where possible. If the facts indicate fraud, misrepresentation or other reasons for non-liability, the file should contain adequate information upon which to base a sound denial of liability.

Essentially, the successful defense of insurance litigation depends on a thorough investigation in the first instance. If facts are overlooked or reasonable possibilities not explored, the weaknesses will show up at the trial and, if serious enough, will result in a verdict against the company with consequent embarrassment to the

claims men, the agent, and the worst possible reaction from the claimant, his family and friends.

Insurance lawyers are prone too often to place all the blame for adverse judgments on plaintiff-minded juries, Mr. Stewart said. Largely that is true, but they shouldn't overlook the same tendency in trial judges, particularly elected ones. A number of years ago in south central Missouri an old trial judge had his own homespun theory on a life insurance lawsuit, Mr. Stewart said. He didn't believe in the niceties of the law on fraud and misrepresentation, the non-payment of premiums, or policy coverages. He only wanted to know—"did he have a policy?" and "is he dead?"

One company met similar reactions at a higher judicial level—the Supreme Court. It had a suicide-accident case in which insured, suffering an incurable disease and facing criminal prosecution, locked himself in the bathroom, pushed aside his pajama jacket, shot himself below the heart with a revolver, then unlocked the door and told his wife he had shot himself. The Supreme Court said that evidence did not overcome the presumption of accident since insured hadn't said he shot himself intentionally. Then the court came up with this judicial gem, Mr. Stewart said—"The shot was fired on the Fourth of July. We take judicial notice of that date and its significance to the American people and because of that fact firearms are frequently discharged in celebration." It failed to discuss the appropriateness of a locked bathroom for a Fourth of July celebration, he commented.

An over-emphasis on technicalities  
(CONTINUED ON PAGE 64)

### Vacation-Rain Cover in Europe Is Popular; Experience Is Bad

Three years ago German Ins. Co. Allianz introduced a new type of insurance involving rainfall. It differed from common past forms, as particularly known in Great Britain, in that it was specifically designed to cover vacationers. The protection introduced by Allianz was rated uniformly at 5 or 6% with indemnity payable only in those cases where the rainfall in the area visited by insured exceeds the normal for the particular area for the particular period of the year involved. The indemnity is payable in varying amounts depending upon the extent to which the rainfall exceeds the normal. For instance, 15% of the amount of insurance is paid if the excess rainfall is relatively moderate, 50% is payable if the excess rainfall is quite serious, and 100% of the insurance amount is payable if the rainfall at the time and place is wholly abnormal.

The new form met with considerable acceptance and it already has developed a large premium volume in its first couple of years in Germany. A contributing factor to this initial success may have been the fact that rainfall conditions in central and southern Europe during the two years were abnormally high. As a consequence, losses both years exceeded premiums to a very marked degree.

During the two years the insurance covered only vacations within the country where it was marketed. In 1955, however, thanks to the establishment of an informal association of insurers in several countries marketing the rain insurance, it has become possible to obtain coverage anywhere in the several countries where the companies operate. Coverage thus can be obtained in Germany, Italy, Switzerland, Austria, France, Holland, Belgium and the Scandinavian countries, including Finland. Under this inter-country cooperation the individual company belonging to the association in each country issues policies to the citizens or residents in that country covering vacations domestically as well as in any of the countries wherein association insurer operates.

Within limits the companies in the individual countries can formulate their own insurance conditions and other general provisions, but in broad outlines the coverages are uniform. At least for the time being, insurance can only be taken out on the condition that insured will spend his entire vacation at a place where there is a weather station. This has the effect, at least in those countries where the net of such stations is relatively thin, to limit the marketability of the coverage.



"THIS PANEL IS STRICTLY UNREHEARSED, IMPROMPTU AND SPONTANEOUS."

## Nevada Agents Get Sales Suggestions from Slawsby

(CONTINUED FROM PAGE 6)

large commercial lines by issuing a single draft in a customer's living room for \$4,800. The fact that a mink coat written on an "insured for and valued at" basis accounted for most of the loss was one thing, but the agency had checked police records and had permission to issue the draft cleared before Mr. Slawsby called on insured.

This gentleman and his family were so impressed that he told all of his friends how pleasantly the agency paid its losses. He dug up three commercial accounts for the agency.

On dwelling business, the agency adds additional extended coverage automatically, with an accompanying letter. The agency uses a series of letters now on the special dwelling forms. It has used other letters for other purposes with marked success, adding broadening riders without order on an approval basis. Obviously, the proper letter is the answer, he said. If the agent adds the riders at an appropriate time, at renewal, say or when insured moves, he isn't increasing his overhead materially and it pays off.

The agency always has pushed business interruption because it is basically an industrial and mercantile writing agency. Factories are easy to sell U&O. The agency's total industrial accounts are large in number and Mr. Slawsby can't recall more than two accounts which don't carry the coverage.

Selling merchants used to be harder. But now the agency analyzes its prospect's business, that is, if it is seasonal or steady. If it's jewelry, furs, or gifts, it's highly seasonal and it figures out the 80% gross earnings rate. If it's steady, it figures the 50% gross earnings rate. Then it calls on the prospect.

This looks like a social call. Mr. Slawsby comments on the prospect's nice home, new car, kids, good life insurance program, good credit, investments. All of these good things come out of the earnings of his store, don't they? What would happen if he were awakened on Dec. 1 (jewelry or furs), or March 1 (ladies ready to wear), or June 25 (summer camps, tuition fees), or May 1 (hardware stores and garden shops) and was told that the store was gone? What would he do if he missed his season?

"You're trying to sell me that insurance that covers profits, aren't you—

that U&O stuff—it's too expensive. It's okay for big factories but it's too much money for me. No, sir!" Mr. Slawsby at the office already has found out his volume of sales, and knows his approximate markup and what the three year premium is. He also knows the cost of insurance on his car for BI and PHD including collision. He knows that one-third of three year premium for 50% or 80% gross earnings is less than the insurance on his car. So he says, "It isn't expensive. The protection costs less than it costs you to insure your car (or truck)."

Now he has forgotten the size of his auto premium because he is used to paying it and at this moment it doesn't seem too expensive. Mr. Slawsby asks: If I am right, and the insurance is less than it costs you to insure your car will you buy it?" He will usually say "yes," he will sometimes say, "I don't know where I got the idea that I couldn't afford it." The sale is made.

## FCIC Losses on Tobacco Estimated at Over \$400,000

Federal Crop Insurance Corp. estimates that its loss on the Connecticut valley tobacco crop as a result of floods attributed to Hurricane Diane will be between \$425,000 and \$430,000 net over premiums. The losses in Hartford county, Conn., total \$400,000 and in Hampshire county, Mass., \$25,000 to \$30,000.

FCIC is also faced with heavy losses on its program in 14 other counties, chiefly in the southwest. Officials estimate these and other losses this year will total between \$4 million and \$5 million. FCIC estimates it will be left with \$12 million or \$13 million in capital funds at year end.

FCIC has indicated it is pleased with the work local agents have been doing in cooperating with the government crop program, although some reduction in the number of agents participating has been reported.

## At Dallas for Employers of Wausau

Richard H. Keese, sales manager at Wausau since 1954 for Employers Mutuals of Wausau, has been named sales manager at Dallas, succeeding Raymond H. Bohl who has been transferred to Milwaukee.

Mr. Keese joined Employers in 1949 as a salesman at Oshkosh and between 1951 and 1954 represented the company at Menomonie.

## North British Gives New Posts to Linn, Dyer and Hubbard

Herbert P. Linn has been appointed assistant U. S. manager of North British and elected a vice-president of Pennsylvania Fire, Commonwealth, Mercantile and Homeland. George W. Dyer and R. A. Hubbard were elected secretaries of North British, Pennsylvania Fire, Commonwealth, Mercantile and Homeland.

Mr. Linn continues as 1st vice president of Central Surety, recently purchased by North British interests. He is now a member of the administrative and executive



Herbert P. Linn



George W. Dyer



R. A. Hubbard

staff of North British group at the New York home office, integrating Central Surety's casualty and surety operations and inaugurating multiple line facilities in North British group companies nationwide.

Mr. Dyer and Mr. Hubbard continue as vice-presidents of Central Surety at its home office. Mr. Dyer heads the casualty department and Mr. Hubbard the fidelity and surety department.

Mr. Linn entered the business with National Surety, serving in Kentucky, Indiana and Florida. From 1926 to 1930 he was southern manager of Southern Surety at Atlanta, from 1930-32 manager at Chicago of Southern Surety and Home Indemnity and in 1932 became bond department manager of Central Surety. He was named vice-president and a director in 1935, and in 1938 became 1st vice-president.

Mr. Dyer, with Central Surety companies since 1929, was an automobile underwriter and superintendent of the automobile department before being elected assistant secretary of Central Surety Fire in 1937. He became assistant secretary of Central Surety in 1940 and a vice-president in 1943.

Mr. Hubbard entered the business with American Surety at Kansas City in 1934, was acting manager at Dallas from 1942-45, and manager at Houston from 1946-47 when he joined Central Surety as an executive assistant. He was made assistant secretary that year and a vice-president in 1948.

## New Credit Company in Ky.

LOUISVILLE—Automobile underwriting, claim, employment and credit reports are available in 15 north central Kentucky and southern Indiana counties through Service Reports, Inc., with full-time inspector service provided in the area. Heading the new firm are John D. Morman, president; Lewis E. Horn, vice-president, and Donald J. Case, secretary-treasurer. Mr. Morman will be located at Lexington. Mr. Horn is in charge of claims and Mr. Case in charge of sales. The three principals have 20 years experience in the inspection business.

## 5.1% Increase in Compulsory Rates in Mass. in 1956

A 5.1% increase in compulsory insurance rates on private passenger cars for 1956 has been reported by Commissioner Humphreys of Massachusetts, who also set \$6 per point as the surcharge to be added to 1956 premiums of automobile owners guilty of driving infractions.

There had been some speculation that the compulsory rate increase would go as high as 10%, particularly in view of a contention by insurers that a hike of 11.4% was needed for them to break even with rising claim costs and continued high accident frequency.

A rate reduction of 6% had been granted for 1955 based on a drop in accident frequency in 1953 and par of 1954, but the frequency has since climbed upward.

The point surcharges are expected to add an average of \$33 to the compulsory premiums of automobile owners guilty of driving infractions.

Attorney General Fingold has ruled that the demerit surcharges were premiums and not penalties. Producers have asked that they be paid commissions on the surcharges as well as on the basic compulsory premium.

Under the tentative rate schedule disclosed by Mr. Humphreys, Boston's class 1 rate will be \$73, an increase of \$6.50, resulting in Boston displacing Chelsea as the highest rates community in Massachusetts. The latter's rate on class 1 will go down \$2 to \$65.

He also reported territorial changes will move 60 cities and towns to higher rated zones giving them boosts larger than the 5.1% statewide average, while many of the 33 cities and towns moved to lower rated zones will not have to pay the increase and some will have lower rates in 1956.

## Beneficial Standard Accepts Consent Order

Beneficial Standard Life of Los Angeles has accepted a consent order of the federal trade commission and agreed to stop advertising its A&H insurance in a manner the commission had charged was false. This is the third company to agree with FTC on a consent order. The order prohibits false claims concerning the duration of policies, the number of accidents and sicknesses covered, the nature and extent of cash benefits, health requirements and the date coverage begins, the FTC stated.

The order represents FTC's adoption of an initial decision by FTC Examiner Cox approving the consent agreement.

Acceptance of the order does not constitute an admission by the company that it has violated the law as charged in the complaint, the FTC explained.

## Richardson Moved by GAB

General Adjustment Bureau has named Worthy E. Richardson Jr. assistant manager at Huntington, W. Va. He joined GAB there in 1946, became a senior automobile adjuster in 1949, and later adjuster of all types of losses. In 1954 he went to Elmira, N. Y., as a senior adjuster.

## Miller Takes Agents to Ball Game

The J. T. Miller Co. general agency of Minneapolis and St. Paul is sponsoring a trip to the Minnesota-Northwestern football game Oct. 10 for 300 agents in the Twin Cities as a prize for new business.

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## Propose Merger for Crum & Forster Firms

Directors of Crum & Forster and Crum & Forster Securities have approved a proposal to merge the two firms. The action will be submitted to stockholders in a special vote Oct. 31.

Crum & Forster Securities, whose principal assets are stock of companies managed by Crum & Forster, will be consolidated into Crum & Forster if the stockholders approve. Stocks will be exchanged on the basis of 1.4 shares of Crum & Forster for each share of Crum & Forster Securities.

About 87% of the common stocks of Crum & Forster Securities are held by Crum & Forster.

## Mutual Agents of N. E. Reelects Officers

President John J. Clarke of West Warwick, R. I., and all other officers were reelected at the annual meeting of Mutual Insurance Agents Assn. of New England at Boston. Elected a director was Henry Bechard of Nashua, N. H.

## North America Extends PHD Endorsement to Other Cars, Trailers

North America has revised and broadened its automobile physical damage extension endorsement introduced last year. Thirty-four states have approved the revised endorsement.

The major revision is an option to provide use of other private passenger automobiles or utility trailers coverage for members of insured's family. Protection for the exposure is now available at nominal cost.

The endorsement has been reworded to blend with the new standard physical damage policy and the premium has been reduced.

Two extensions have been included in the endorsement. One part concerns use of other private passenger automobiles or utility trailers which goes beyond the protection afforded in the policy, since all physical damage coverage on insured's own car—fire, theft, comprehensive and collision—is extended to such other automobiles or utility trailers and not limited to collision only. Legal liability protection is also provided if an insurer of the non-owned private passenger automobile or utility trailer subrogates against insured. The other extension covers additional expense incurred by reason of the loss of use of insured's own automobile from any physical damage peril insured by the basic policy.

The premium for the extension endorsement, when attached to a policy covering fire, theft or comprehensive is \$1. When attached to a policy covering fire, theft, comprehensive and collision, it is \$1.50. This provides protection for insured and spouse, only, an additional charge in the same amount applies for each additional insured.

## Camden Fire Declares Extra 10 Cent Dividend

Camden Fire has declared a semi-annual dividend of 50 cents per share and an extra dividend of 10 cents per share payable Nov. 1 to stockholders of record Oct. 10.

## Carlson Joins Downey

Richard E. Carlson has joined the John A. Downey Co., brokers, of St. Paul, and will direct the engineering and appraisal services for fire and marine lines. He has been with Fire Underwriters Inspection Bureau at Minneapolis for seven years.

The Martin G. Hougan agency of Stoughton, Wis., has moved into new quarters at 101 North Van Buren street. Mr. Hougan is also a vice-president of Home Mutuals of Appleton.

## Card Complete for Tenn. Agents Annual

Automobile and business interruption coverages, premium financing and advertising make up the main agenda for the annual convention of Insurers of Tennessee, Oct. 24-25 at Andrew Johnson hotel, Knoxville.

After greetings from Commissioner Northington of Tennessee, the opening session will feature Joe H. Bandy of Nashville, chairman of the casualty committee of National Assn. of Insurance Agents, who will speak on the automobile situation. His talk will be followed by a panel discussion on the subject with Rufus C. Ross Jr. of Mount Pleasant and W. P. Deese of Knoxville as panelists.

Speakers at the Tuesday sessions will include John C. Cosgrove, secretary of American, who will discuss his company's farm and family plans; Frank H. Reilly, assistant secretary of Afco, on premium financing, and M. J. Whitmar, vice-president of Dinerman & Co., Cincinnati advertising firm, who will speak on "Your Answer to Direct Writing Competition." Mr. Whitmar's firm produced last year's grand award winning campaign in the contest sponsored by Insurance Advertising Conference.

A discussion will be held on business interruption coverages with four state agents as panelists. They are Jack Elvis of Phoenix-Connecticut, Charles P. Lang of Hartford, William C. Waller of Hanover Fire, and G. Wesley Mantz of New Hampshire Fire. A film on casualty insurance will be shown under the auspices of Insurers of Nashville.

Guest speaker at the annual banquet at the Deane-Hill country club will be William C. Walkup, president of Home Federal Savings & Loan Assn. of Knoxville.

## Aetna Casualty Ends 150th Sales Course

Aetna Casualty has concluded the 150th session of its sales course, from which nearly 5,000 have graduated.

At the graduation dinner, Howard R. Finn, Springfield, Vt., agent and a past honor graduate of the course, stressed the importance of establishing a point of difference in approaching a prospect about his insurance program. While coverage or service could provide the point of difference, he said there are many other ways of establishing this advantage.

It is his practice to attend national and regional conventions of the industry which is heavily concentrated in his community so that he is well qualified to counsel local firms on their insurance requirements.

The 150th class was led by Donald R. Hyten of Wellington, Kan. Other blue ribbon winners for high scholastic standing were Robert K. Scrivener of Baltimore, William R. Tierney of Reading, Pa., Paul M. Ford of Easton, Pa., Ronald J. Rossi of New York City, Peter W. Doble of New Haven and William F. Sharpe Jr. of Philadelphia. Gold ribbons for demonstrating outstanding skill in soliciting techniques went to James P. Kykendall of Ventura, Cal., Mr. Scrivener and Mr. Hyten.

## Clallam County Agents Elect

Arthur Smith of Port Angeles has been reelected president of Clallam County (Wash.) Insurance Agents' Assn. Merton Davis is vice-president and Syd Tozier secretary-treasurer.

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## State Farm Mutual to Install New IBMs in All Regional Offices

State Farm Mutual has installed a new type high-speed electronic business machine in its home office in Bloomington, Ill., launching an advanced electronics program that will within a year place one of these machines in each of the company's regional offices throughout the country.

State Farm will be the first company in the automobile or fire field to use the IBM type 650 magnetic drum electronic data processing machines in all its regional offices. A total of 14 machines will make State Farm the biggest nationwide user of such equipment and a pioneer in the adaptation of electronic machines to a decentralized system of offices.

Prominent among State Farm's special pioneering uses will be selective underwriting. The machine will, with a series of tests applying routine underwriting standards, accept automatically the great majority of applications. It will thus give underwriters more time for discriminating consideration of the questionable risks indicated by the machine. Also the underwriters will have more time for valuable visitation with agents in the field.

The 650 also will do State Farm's premium rating, selecting the rate for each coverage according to the limits of liability desired, list price and age of the vehicle.

The firm expects to collect more complete, useful data, to speed up-to-the-minute scheduling.

Other potential uses anticipated are: payroll; agency records and compensation; accounting functions; and actuarial calculations.

The new electronic machines will do some work for the life and fire lines, but it will be used chiefly in the auto line.

## No. Cal. Buyers Elect

Northern California chapter of National Insurance Buyers Assn. has elected E. C. Lasater of Rosenberg Bros. & Co. as president; J. P. Holstein of California Packing Corp., vice-president; H. L. Hilleary of Standard Oil, secretary, and R. A. Westran of Kaiser Companies, treasurer. Phillip H. Small

of Sonora Products Co. and H. W. Pederson, Coast Service Co., are new directors.

The chapter on Oct. 26 will hold a seminar at San Francisco on liability coverages. This is a continuation of a project begun in the spring and for which participation is limited to 15 persons.

## Set California Hearings on Proposed Policy Changes

Commissioner McConnell of California has called public hearings on proposed amendments to the rules and regulations governing blanket disability and tuition refund policies. First hearings will be in San Francisco Oct. 17 and in Los Angeles Oct. 20.

## Ratterman Named V-P of Ohio Consultant Group

George W. Ratterman has been elected vice-president of Pension & Group Consultants, Inc., whose home office is in the Earls building, Cincinnati.

Mr. Ratterman, whose financial interests include Ratterman & Co., Cincinnati investment securities firm, will serve as greater Cleveland area representative of the consultant firm.

Now completing his final year of law studies preparatory to taking the Ohio State bar examination, Mr. Ratterman is scheduled later to go to Cincinnati with the firm's executive staff, where he will become full-time head of the profit-sharing department.

## Southwest General Names Chapman at Austin

H. Carter Chapman has been appointed special agent in Texas for Southwest General with headquarters at Austin. Mr. Chapman started with Texas Insurance Checking Office and has had company experience. Most recently he has been with the Steck Co., insurance printers.

## Wyle Named Special of Boston in N. C.

Jerome J. Wyle Jr. has been named casualty special agent at the Raleigh, N. C., office of the Virginia-Carolina department of Boston and Old Colony. He has been a special agent of Glens Falls group in North Carolina.

Security National of Dallas has been licensed in Washington and will write participating fire policies. It is a wholly owned affiliate of Trinity-Universal and will be represented in the state by C. B. DeMille general agency.

## Travelers Makes 10 Field Appointments

Travelers has made 10 appointments in casualty, fidelity and surety lines.

John C. Gellatly, casualty, fidelity and surety, Dallas, and Robert M. Vincent, fidelity and surety, Louisville, have been promoted from field supervisors to assistant managers.

Robert P. Burns, field supervisor of fidelity and surety, Boston, has been named superintendent of these lines at Buffalo.

Scott C. Dickson, assistant manager of casualty, fidelity and surety, Dallas, has been transferred in the same capacity to Denver.

Appointed field supervisors were Edward Mitchell, casualty, fidelity and surety, New York city; James J. McMahan, fidelity and surety, Charlotte; Jesse M. Colton, casualty, fidelity and surety, Nashville; and Alvin N. Ogden Jr., fire and marine, Dallas.

Field supervisors transferred were Austin F. Schall, fidelity and surety, from St. Louis to Louisville, and H. Craig Knop, fire and marine, from Kansas City to Des Moines.

## McCullough Talks on Homeowners Policies

Insurance committee of Young Men's Board of Trade of New York city heard Roy McCullough, manager of Multiple Peril Insurance Rating Organization, speak on the homeowners policies.

In taking inventory of some of the multiple line developments of the past three years, he said one thing learned was that simplicity and ease of handling are tremendous advantages in getting a new contract accepted by producers. Another important thing is the value of getting a good short name for a contract that gives the buyer some idea of what it is supposed to do.

Mr. McCullough said that on the whole the new package policy forms have been successful and further improvements are planned in this field.

## Gold Rejects Filing of St. Paul F. & M.

Commissioner Gold of North Carolina has rejected St. Paul F. & M.'s request to write all airline equipment under an all-risk inland marine floater policy. He said that the state's statutory definition of IM does not cover much of the property the company sought to reclassify.

## Seven Promoted by Kemper Companies

M. P. Luthy has been elected vice-president; G. M. Butters, W. H. Heineke and C. L. R. Nichol, resident vice-presidents; M. F. Griffith and G. R. Pahlman, resident secretaries, and Chase M. Smith secretary of Federal Mutual of the Kemper companies. Mr. Nichol also was elected resident vice-president and Mr. Pahlman resident secretary of American Manufacturers Mutual.

Five of the new officers are branch managers—Mr. Butters for New York, Mr. Heineke for the eastern department, Mr. Luthy for New England, Mr. Nichol for the southeast and Mr. Pahlman for southern California. Mr. Griffith is in the Atlanta office, and Mr. Smith is general counsel for both companies.

Since joining the Kemper organization in 1928, Mr. Luthy held sales promotion and executive positions in the home office before becoming manager of the New England office.

Mr. Butters joined the group as an adjuster in Chicago. He was production manager at Syracuse before being named New York manager.

Mr. Heineke began with the organization in 1933 as a payroll auditor. Before being named eastern manager, he was in charge of the New York city office.

Mr. Nichol has been in insurance for nearly 40 years. He also joined the Kemper organization in 1933, and was named manager of the southeastern department earlier this year.

Mr. Griffith is a 20-year-man with the Kemper group. He is in charge of fire insurance underwriting at Atlanta.

Mr. Pahlman joined the companies in 1933. He was a safety engineer, a district manager and production manager before becoming manager of the southern California office.

Chase M. Smith has been with the organization since 1920.

## Airline Liability Increase Is Voted

International Civil Aviation Organization voted to increase the liability of airlines for each passenger from \$8,291 to \$16,000—in American currency—at a meeting at The Hague, The Netherlands. The increase was proposed by the U. S.

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## Says Direct Writer Competition Can Be Met Without Violating NAIA Principles

It is easier to talk on the automobile situation today than in the "panic period" of 1953 and early 1954, but there are still problems to solve, Joe H. Bandy, Nashville local agent and chairman of the casualty committee of National Assn. of Insurance Agents, said at the annual convention of New Hampshire association at New Castle.

One year of profits by the principles of the agency system does not solve the automobile situation, he said. Though less than 12% of the automobile liability business goes to the three largest writing specialty companies, that is entirely too much; it is more than they deserve. However, this leaves a large share of business for orthodox companies. Agents, together with their companies, must find a way to increase this share.

A new type of operation has made its appearance on the horizon. It might be called the Safeco type. Safeco, owned by General of Seattle, is possibly the most widely known company using the plan on a nationwide basis. Fire & Casualty uses it in Florida, Boston Indemnity is planning to use it in New York only, American Liberty of Birmingham has a plan which contains some of the Safeco features, and there are many smaller companies using it.

The typical plan calls for a signed application, cash in advance, a continuous policy, company billing, and a reduced commission. The plan varies, however, and not all of the companies mentioned use all of these ideas. Most of them violate three of the principles which NAIA has affirmed. It has stated honestly and emphatically "no continuous policies, no direct company billing, and no unilateral commission reduction." In affirming these principles NAIA has been accused of taking a negative approach, Mr. Bandy said. But, each can be changed to a positive approach without changing the meaning—"we believe that the public is best served by policies with a definite expiration date, we believe that each agency should do its own billing, we believe that each agent should have the right to make his own commission contract."

Without offering any excuse for those companies that have adopted the reduced commission plan, agents have, to some extent, brought it on themselves, Mr. Bandy said. Too many agents have been willing to allow the companies to do many of the things that they, the agents, are paid to do. If an agent received the general agents commission of 25% on automobiles, he is being paid to underwrite the business, write the policies, prepare any endorsements necessary and expedite the handling of claims. His interest is best served by insisting, yes, demanding, that his company allow him to do these things.

A typical Safeco type application reads: "I declare the facts stated herein to be true and request the company to issue the insurance and any renewals thereof in reliance thereon." That sounds mighty like a warranty, Mr. Bandy said. In fact, Allstate has been successfully able to deny liability in several cases on a similarly worded application. He believes that if he were using such a policy, he would want to get a new application completed and signed each six months.

The reduction in premium is usually

20% with 15% commission paid to agents. Under these plans the present \$50 automobile premium would be reduced to \$40, thereby saving the customer \$10. On the \$50 premium, the agent would receive a commission of \$12.50 while on the \$40 premium, he would receive \$6. Of the \$10 the customer saves, \$6.50 would come out of the pocket of the agent. On the \$50 pre-

mium, the company would get a net of \$37.50 while on the \$40 premium it would net \$34, a difference of only \$3.50. In addition to this loss in premium of \$3.50, the company takes on the additional expense of writing policies and doing the renewal billing. They propose, of course, to make up this difference by restrictive underwriting and denial of liability where there is a violation of the warranty.

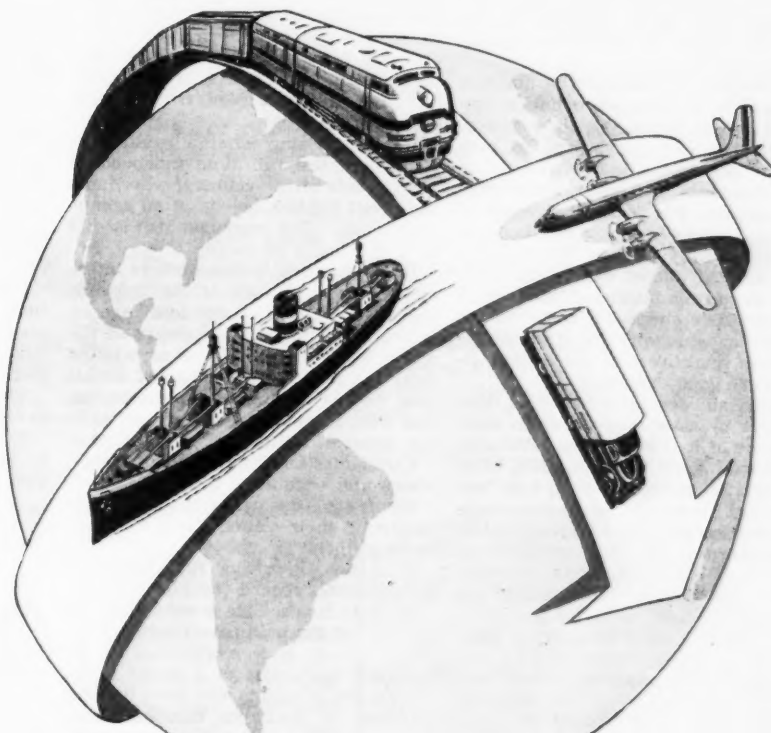
He said in his experience with company written policies—he has one that insisted it write his workmen's compensation policies and he finally agreed

—but he found that he was spending more time correcting the errors than it would have taken to write them originally so he changed back and again writes his own policies. He thinks his customer would dislike getting a bill from the company for automobile insurance and from his office for dwelling and household furniture insurance. On one of these he could take a little time in making payments if need be, but he could never be quite sure which one it was, Mr. Bandy said. He said he is confident with the modern one-

(CONTINUED ON PAGE 24)

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## EDITORIAL COMMENT

### The Values in Association Membership

Those agents who are not members of an association sooner or later face the issue of whether or not to join.

When they do, the score on the side of not joining is plain to see. The agent saves the membership fee and the time that will be required for participation in association affairs.

It is a good deal more difficult to see the values in association work. The values for his business are, many of them, long term. Many are indirect. In terms of self-development, the values have a practical side in equipping him to deal with larger insurance situations in his own office. But they, too, are long term.

Yet the values are there, and they are important. What are some of the more important? A few of the principal ones are:

**Legislative:** To defend the business and practice of agent-distribution and the private insurance business generally against bad legislation; to help promote legislation that will tend to raise standards and improve product and practices. The political strength of organized agents seldom has been to any degree fully utilized. Yet it is the foundation of almost every legislative effort within the business, defensive or offensive. The successful resistance to compulsory auto and the gradual increase in qualifications for agents' licenses are good examples.

**Education:** Too little has been done with this by associations, though more and more of it is being done. Probably educational work is of the most value to association members when it is done at the local level and when it contains a generous admixture of interpretation and application for local peculiarities. If it is exclusively the kind of education the prospect for membership can get from his field men, companies, or one of several good educational services, the association hasn't much to sell of a distinctive kind—no matter how good a job of promoting the education the state and local groups do.

**Standards:** Here the business and the public get a lot of value from associations, and members realize long term benefits as individual business men. However, it is hard to sell this difference of association membership to the public, even though the effort to do so has been stepped up markedly in recent years as competition increased. But the individual agent who is asking himself if he should join the association must take most of these values as indirect and long term.

Group action for the individual's benefit: Aside from benefits in this category, such as group life, which is common to all groups, agents have done much to bring to bear on company decisions the views of agents. To a considerable degree these views reflect

the interest of the public. Conference committees have proved their worth. The interchange and inter-effect of ideas have been increasingly evident. The agent individually gets a current "cash" return on this one.

Another form of group action from which the agent debating whether to join can also get a "cash" current return is local, county and state association advertising. This is proving of real general selling value for members, and for the agent who is struggling to build his business and has little money to spend on advertising. This group promotion can save him the price of membership twice over. It produces for him identification as an individual agent and as a kind of agent who provides a distinctive sort of service.

Group effort is of course the only method to get certain results such as effective fire prevention, traffic safety programs, etc.

It is surprising what a small percentage of the full time independent local agents of the country, who number about 225,000, belong to an agents' association. The membership is not 20% nationally or locally.

It is surprising because others interested in the welfare of the business and in the future of the local agency system seem to be more aware of the worth and usefulness of the association than are that great number of agents who do not belong to an association and who, therefore, contribute little to the general welfare of the business.

Companies know the value of associations and encourage them.

Insurance departments are quite aware of their value. They also encourage them.

It is not surprising that insurance departments regard agents' associations with favor. This is not altogether because of the political strength of associations. It is a recognition of the practical usefulness of a sound active association of agents who have the best interests of insurance distribution as their objective and who are seeking that objective continuously and in various ways.

The achievement and maintenance of standards of performance by agent groups reduces the difficulties which state insurance departments otherwise would have to a quite measurable degree. Good associations perform an adjunctive service for state regulation.

Sometime ago the New York department urged the excess lines brokers to form an association. The excess lines law was comparatively new, the opportunities it created had attracted a number of persons into the field, and a certain amount of confusion and even bad practice had grown up which the department believed self-discipline by those in that field could substantially remedy.

The department recognized that unless it has the effects of an atmosphere of integrity and honest practice in a field of insurance, its task of regulation is tremendously increased. The suggestion of the department did not result in an association, but the fact it was made is testimony to the department's recognition that associations help establish and maintain a pattern of good practice which exerts a highly beneficial influence and discipline in the field, upon members certainly, but also proportionably upon non-members—veterans and newcomers alike.

In some states the association aids the departments in formulating and giving examinations to applicants for agents' licenses. There are other ways in which departments make practical, daily use of the associations. In addition, state department officials in many jurisdictions follow the practice of conferring with association leaders on matters of which they have close knowledge and experience.

Associations themselves probably need an occasional discussion of their objectives. They sometimes tend to narrow to the expression of views of a few leaders. There is now in several areas a real influx of younger agents into association leadership, which is a good thing. Objectives need to be revised occasionally to be sure there are more positive than negative ones, that there are offensive as well as defensive goals.

Under the impact of competition the work of associations is getting more practical, as group advertising demonstrates. The association idea is always more saleable under such conditions.

This is a good time for associations to sell and for agents to buy the idea.

Perhaps individual agents will come to realize that membership is worth \$100 instead of \$10; \$500 instead of \$50.

officers. Mr. Brainerd joined the company in 1930 in the home office. He later served as claim adjuster and special agent before returning to the home office for agency duties. In 1942, he was elected a director and vice-president in charge of the agency department and in 1947 was named president, an office in which his father served from 1904 to 1916.

**George J. Margraff**, the new president of Pennsylvania Assn. of Insurance Agents, started his career in the business in Philadelphia with Henry W. Brown & Co. in 1922. In 1929 he joined Eliel & Loeb of Pennsylvania, a subsidiary of Eliel & Loeb of Chicago, as assistant manager. In 1938 he became manager, and in 1953 the name of the agency was changed to Eliel & Loeb & Margraff, with Mr. Margraff as its head. Mr. Margraff is past president of the Insurance Agents & Brokers Assn. of Philadelphia & Suburbs, he has served as a director of Insurance Society of Philadelphia, and has been active in Pennsylvania Assn. of Insurance Agents for 15 years. He also is a past cock of the walk of The Much To Be Respected Order of Loyal Red Roosters of Philadelphia.

G. J. Margraff



**Howard C. Kalb**, special automobile rate clerk of National Bureau of Casualty Underwriters, was presented a wrist watch by General Manager William Leslie in honor of his 25th anniversary with the bureau. About 75 employees of National Bureau and member companies honored Mr. Kalb at a dinner at which William H. Brewster, automobile division manager, was toastmaster and principal speaker.

**E. C. Gordon**, vice-chairman of the board of Western of Fort Scott, was honored recently in recognition of his 40 years with the firm.

More than 400 local employees of Western and over 200 out-of-town employees joined in honoring the midwest insurance pioneer.

A surprise ceremony was staged in Mr. Gordon's office during which L. A. Tonnies, representing the men employees of the companies and Miss Mildred Hereford, representing the women employees, presented the executive with a book of tribute carrying the signatures of all 600 persons on the staff.

**Ray B. Duboc**, board chairman, presided at the regular board meeting the



E. C. Gordon

## PERSONALS

**Edward G. Robinson** of Lancaster, who was elected president of New Hampshire Assn. of Insurance Agents at its annual meeting, was the first executive secretary of the association. He is a member of the agency management committee of National association. He is a graduate of the advanced agency management school at University of Connecticut.



E. G. Robinson

**Lyman B. Brainerd**, president of Hartford Steam Boiler, is celebrating his 25th anniversary with the company. He was presented the company's 25-year service medal at a surprise gathering of employees and was guest of honor at a dinner given by his fellow

### THE NATIONAL UNDERWRITER

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day before. Mr. Duboc and Mr. Gordon have worked together nearly 37 years.

A special sales campaign, sponsored at the request of the employees, had been launched a week before the ceremony as a compliment to Mr. Gordon's 40 years of service. The campaign is being conducted through November by 4,000 agents in 37 states.

In August, 1915, Mr. Gordon became the second man on the staff of Western, which was then a five-year-old business operating under the sole guidance of its founder, Oscar Rice. In those days, the company was housed in a small upstairs room on Fort Scott's Main street, writing auto liability. The firm was a midwest pioneer in auto coverage.

**William B. McKenzie**, vice-president and treasurer of Illinois National Casualty, won the championship of Illini club golf tourney in Springfield for the seventh time, touring 18 holes with a 73 and 68.

**Cecil W. Berkner**, newly-elected president of Minnesota Assn. of Insurance Agents, began his insurance career in his father's agency at Sleepy Eye, Minn., in 1930. He took over the Berkner agency in 1934 and has continued as owner since that time. For the past two years, he has been chairman of the farm rate committee which worked with fire companies and Farm Underwriters Assn. to establish the new special farm credits and survey plan which became effective in Minnesota, Aug. 15. He also served as chairman of the Minnesota association's executive committee last year.



C. W. Berkner

**George Walpole**, president of W. C. Danne & Co. agency of Chicago, has become a grandfather for the first time. The new grandson is Douglas Scott Walpole, the son of Lawrence A. Walpole, who is with the Danne & Co. agency.

**Louis J. Fischer**, 63, vice-president of Home at Chicago, suffered a heart attack last week at his home there. He was taken to Wesley Memorial hospital where he is making a satisfactory recovery.

**Commissioner Joseph A. Navarre** of Michigan and Mrs. Navarre marked their 25th wedding anniversary during the final week-end of September. They were entertained by relatives and friends both in Jackson, their home city, and in South Bend, Ind.

## DEATHS

**W. B. LINDSAY**, 69, examiner in the Florida insurance department, died after a heart attack in New York City while on an assignment there. His home was in Tampa.

**J. EARL SEATON**, 55, Jackson, Tenn., local agent, died in a hospital there. He was vice-president of Insurers of Tennessee.

**T. R. ALAKALY**, 63, state agent in California for Automobile and Standard Fire of Hartford died following a heart attack in his home in Los Angeles. He had been with the companies since 1922 and a state agent for the

past decade. Before 1922 he was with North America group for several years at San Francisco and southern California state agent for the group in 1920-21.

**FRANCIS G. O'HARA**, 52, manager at Boston of the local and metropolitan fire department of Boston and Old Colony, died there. He had been with the companies since 1920. He was formerly assistant manager of the accounting department and a special agent.

**GEORGE A. TIERNEY**, 77, Middletown, Conn., local agent, died there.

**WILLIAM E. BOYD JR.**, 68, retired assistant superintendent of agencies of Travelers and Charter Oak Fire, died at his West Hartford, Conn., home. He had retired in 1952. He was considered an authority on fire and casualty and had written a book "Questions and Answers on Insurance," now in the process of publication.

**WILLIAM A. GRAY**, 65, New York city broker, died at his home at Pelham Manor, N. Y. He founded the firm that bears his name in 1920.

**LAWRENCE K. PAUL**, 58, of J. M. Layton & Co., Norwalk, Conn., agency, died there.

**WEBB KULP**, 82, a local agent at London, O., for nearly 40 years, suffered a heart attack and died as he was leaving his office. His son, Allan, was in the business with him.

**CHARLES R. RUMBOLZ**, 56, an examiner with the Nebraska department for eight years, died at Lincoln.

**MISS S. J. MYERS**, 81, broker with the Charles L. Crane agency of St. Louis, died there.

## Dallas Claim Men Elect

John L. Freeze, Southwest General, has been elected president of Dallas Claim Men's Assn. The other new officers are: Vice-presidents, Reo Knowles, U. S. F. & G., and Lloyd Baker, American Auto; secretary-treasurer, Robert Maxwell, Travelers.

## STOCKS

By H. W. Cornelius Bacon, Whipple & Co.  
135 S. LaSalle St., Chicago, Oct. 4, 1955

	Bid	Asked
Aetna Casualty	250	260
Aetna Fire	64	66
Aetna Life	202	212
Agricultural	36	37 1/2
American Equitable	38	39 1/2
American Auto	26 1/4	28
American, (N. J.)	29 1/2	30 1/2
American Motorists	19	20 1/2
American Surety	91	94
Boston	39	40
Camden Fire	27	28
Continental Casualty	110	115
Crum & Forster com.	65	70
Federal	39	40 1/4
Fire Association	52 1/2	54
Fireman's Fund	67	69
Firemen's, (N. J.)	39 1/2	41
General Reinsurance	45 1/2	47
Glens Falls	72	74
Globe & Republic	22 1/2	23 1/2
Great American Fire	38	39 1/2
Hartford Fire	144	149
Hanover Fire	48	50
Home, (N. Y.)	47 1/2	49
Ins. Co. of No. America	109	112
Maryland Casualty	38 1/2	40
Mass. Bonding	39 1/2	40 1/2
National Casualty	51	Bid
National Fire	99	102
National Union	43 1/2	45
New Amsterdam Cas.	53	55
New Hampshire	44	47
North River	40	42
Ohio Casualty	90	Bid
Phoenix Conn.	77	79
Prov. Wash.	26 1/2	27 1/2
St. Paul F. & M.	54 1/2	55 1/2
Security, Conn.	46	48
Springfield F. & M.	60 1/2	62
Standard Accident	62	64
Travelers	85	88
U.S.F. & G.	70	72
U. S. Fire	28	29 1/2

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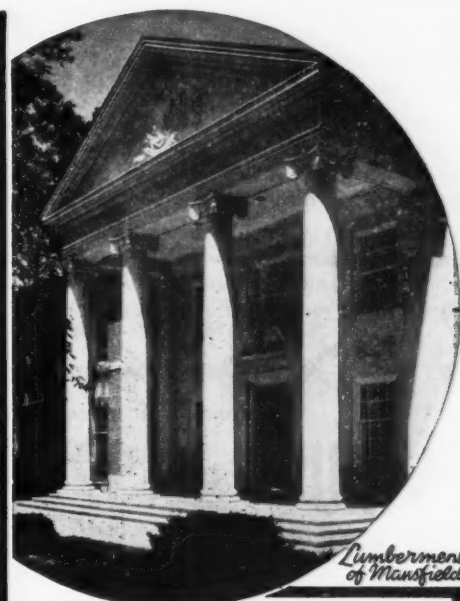
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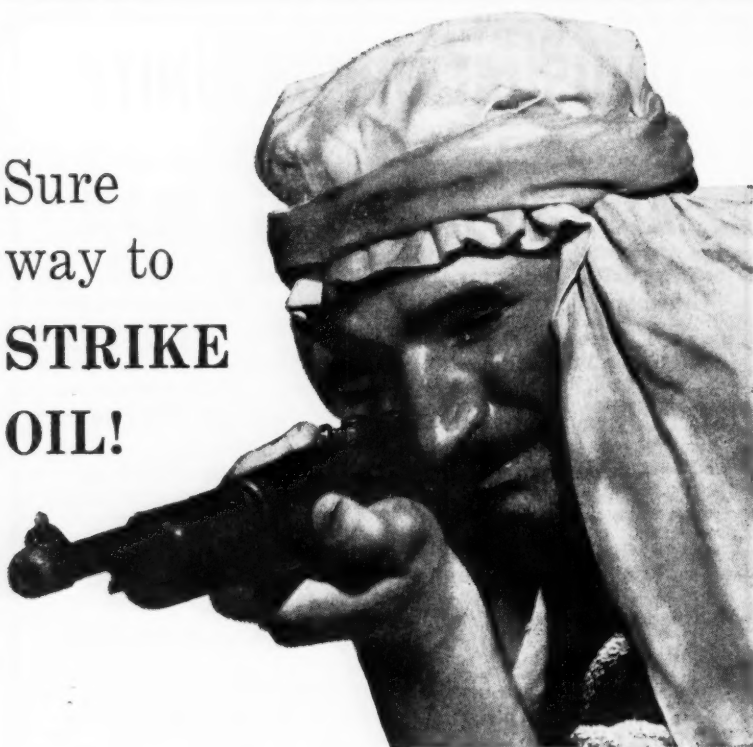
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New Orleans 12, La.	831 Whitney Bank Building
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## Top Management Can't Ignore A&H Problems

(CONTINUED FROM PAGE 9)

switching the basic approach to the public to one covering three hazards of life rather than two, and not through any special permanently unrelated organization or department.

From the start, the company integrated accounting, premium collections and billing, commission payments, and such things as advertising and sales promotion. At first, the A&H department handled its own underwriting, policy issue and claims work. As soon as a sound policy issue procedure and trained personnel had been established, the activity was transferred into the general policy issue division.

More recently, having developed proper personnel and procedure, A&H underwriting has been integrated with the regular underwriting division and A&H claims have been transferred into the regular policyholders service division. The company woke up to the fact that it was already partially in the A&H business without openly admitting it. It already had the work on such things as double indemnity, disability income, and waiver of premiums. But both the underwriting and claims work have improved by the transferring of them to the A&H divisions, he said.

The company still has problems: It has too much cash reimbursement business with its problems of low average premiums, high premium frequency and high lapses as compared with the life business. It has not yet developed enough long term income business. It started with only the commercial line and recently introduced the non-cancelable disability line. But, frankly, Mr. Furey said, the company is satisfied with the business. It is experiencing a steadily increasing volume of business of the type it wants and of the coverages it thinks the policyholders most need.

Improvements are still needed in the operation of the plan, particularly in developing sales material, the training program and the education of the field forces in the three-way sale, but these will work out in time, he said.

## Urges Joint Public Relations Effort

(CONTINUED FROM PAGE 13)

of the writing of insurance and the rendering of more efficient and economical service to their insured.

If the producers and company executives could momentarily forget their individual problems and look at the business as a whole, they would face some startling facts. One thing that would stand out above all others would be the absolute necessity of creating better public relations, internal and external, on a business-wide basis.

Mr. Stott contended that if "we could come to the realization that all branches of the business committed to the principles of the agency system should sit down together and discuss their problems cooperatively and move forward unselfishly to create good public relations with our insured, practically all our differences of opinion would be mole hills and not mountains."

He added that his committee hopes soon to meet with a committee of top company executives so that all may better understand the problems of companies and producers and then take action to benefit all.

Ralph A. Dyer Jr., who has been in business with his father for the past 20 years, has opened his own local agency in Bangor, Me.

## Says Direct Writer Competition Can Be Met

(CONTINUED FROM PAGE 21)

write policy an agent can produce just about as inexpensively as the company and much more accurately. The same thing applies to billing and renewals.

This type of policy was first contemplated by National Bureau, Mr. Bandy said. In early 1953, a special committee was appointed by the bureau to study the automobile situation and it came up with suggestions which included a continuous policy, a signed application, company billing and reduced commission. The report was never made public and, to the everlasting credit of National Bureau, it was never approved, he said.

The other side of the question is brought out in a letter Mr. Bandy received from a successful and intelligent agent, a CPCU and not inclined to be panicky. The letter:

"In our county there are approximately 12,000 automobiles registered and I estimate, conservatively, with good reason, that all of the stock agents in the county do not write the liability insurance for 1,500 of these automobiles.

"We believe the only cure for this situation would involve copying a great many of the features of the specialty company operations, bitter as the pill may be. We believe these elements to be essential to get our price in shooting distance: continuous policies, cash on the barrel-head, no flat cancellations, direct company billing and reduced commission. A signed application or signed copy of the policy declaration may also be necessary.

"It seems to us that NAIA often resists inevitable change. We believe in the agency system of operation, but we do not believe that you can void the laws of economics any more than you can the laws of gravity. As methods of marketing insurance are discovered that will save money for the public, we believe that we will have

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to adjust to those methods whether we like it or not."

If agents adopted the methods of specialty companies, they would become specialty company agents and their customers would receive just about the same service and consideration that the customers of the specialty companies receive, Mr. Bandy said. Many agents can and do earn the full 25% commission on their automobile business. On the other hand, after the first year, he seriously doubts that these same agents would earn even the 15% paid under the Safeco plan and if they do not earn it, they will not receive it for long. The average commission paid by specialty companies is about 5%. Last year, the average commission paid by State Farm on its automobile business was about 5.2% while the average Allstate commission was not much higher. Does anyone believe that the agency companies can continue to compete paying 15% for the same work exactly that the specialty companies get for 5%? he asked. The specialty companies do not appear to have too much trouble getting agents at their commission scale and the mere fact that agents are operating under the agency system does not justify an additional 10% commission, Mr. Bandy said.

Many agents are still losing automobile business to the specialty companies and if they say that the Safeco type of operation is not the answer, they certainly should have some counter-proposal.

Mr. Bandy proposed some changes.

The free insurance or flat cancellation evil should be corrected, he said. Agents can, and should, work with the companies to correct this leak. Free insurance is, in his opinion, a minor part of it. The policy is issued and has to be processed by both agent and company. At the end of 30 days, it is cancelled flat and the cancellation has to be processed. All this work, and no premium earned. If agents knew there could be no flat cancellation after the effective date, they would be a little more certain before issuing and sending out the policies.

He would also like to see a change in the system of basing the commission on the volume produced by an agent rather than the amount of work done. For instance, Mr. Bandy discussed the automobile situation with a rather large agent, who said he took orders and sent them to his company; if they wanted the business, they could write the policies and send them to him. Mr. Bandy asked if he prepared his endorsements and renewals and he said he didn't. He also said he kept his hands off claims—that was the company's problem. And, he said his commission was 25%, plus a contingent. Mr. Bandy said he wondered what the contingent was for but didn't have the heart to ask.

This is not an isolated case, he said. He made an off the record study of this situation and found that the system of paying an agent 25% for the mere production of automobile business, with the company doing all the clerical work, was rather widespread. Customers are paying a higher rate because some agents are collecting a general agent's commission doing only a solicitor's work, he said.

A serious and unprejudiced study of branch office costs and a correction of the faults found would assist in the reduction of cost of automobile insurance.

Next is the question of underwriting. He said he has been told it was unfair

to ask the agent to underwrite his business when he had a financial interest involved, but he does not believe it. He believes many agents do an excellent job of underwriting.

Agents should also attempt to improve their claim service. That is one field in which they have out-classed the specialty companies, he said, but their service is getting better while the agents' is, possibly, holding its own.

There is a need for a broader private passenger policy. In many cases, agents have been asked to sell an inferior

product at a higher price. That is not true of some of the independent companies, he said. Some of these have as broad a policy as there is on the market. The bureau companies have, however, been dragging their feet.

If these suggestions and improvements do not bring rates within striking distance of the specialty companies, agents will be perfectly willing to discuss other ways and means without the necessity of continuous policies, applications containing warranties and company billing, he said.

### Three More OK'd to See Atom Information

WASHINGTON—The atomic energy commission has issued additional permits for access to classified information to Detroit Insurance Agency, Employers Mutual Liability of Wausau, and Hartford Steam Boiler. AEC said holders of these permits must obtain an L clearance to have access to restricted data classified as confidential, and a Q clearance for information classified as secret. The permits give access to restricted data related to civilian uses of atomic energy.



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Twenty-five years in business without a customer dissatisfied over a claim settlement makes us feel that our efforts have been worthwhile."

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# NAIA Holds Biggest One Ever at L. A.

## Insurers, Agents to Tackle PR Problems Together

**Stott Reports AIA Has Named Top Committee to Work with NAIA**

LOS ANGELES—A key point of attention at this convention of National Assn. of Insurance Agents was the report of the public relations committee headed by John C. Stott of Norwich, N. Y., past president of NAIA. The need of effective, practical promotion of the independent local agent and his services in the face of the increasing competition is being debated country over by local boards and state associations. The Stott committee presented to National Board of State Directors here a constructive piece of work that focuses the topic and the problem nationally.

Mr. Stott announced that a committee of American Insurance Assn. has been appointed to work with the NAIA with the objective of finding a solution to common problems. Indicative of the importance with which American Insurance Assn. regards the problem is the personnel of the AIA committee. It consists of Manning W. Heard, vice-president of the Hartford group, chairman; Kenneth Black, president of Home, vice-chairman; and J. Victor Herd, executive vice-president of America Fore group and president of National Board, and William E. Newcomb, president of Great American group. The PR committee of NAIA and the AIA committee will hold a meeting soon.

The Stott committee has been conducting a survey to learn what PR and advertising work presently is being done by individual agents and local associations throughout the country. Sufficient returns are in to provide a good picture of the effort in these fields being exerted by the local agency forces of the country.

The survey, Mr. Stott reported, indicates that the average agency member of NAIA during 1954 spent \$1,000 on advertising and the indications are that this amount is being slightly increased during the current year of 1955. The survey further indicates that the associations within NAIA spent approximately \$1,500 per association in 1954 for group advertising and that in 1955 approximately \$2,000 per association will be spent.

It is indicated that the type of advertising done by both individual agents and associations is approximately 75% in newspapers, 20% in radio and 5% on television.

The survey further indicates that 40% of the material now being used is prepared by the local agency or local association itself; 30% is prepared by the newspapers, radio and TV stations; 28% is prepared by advertising agencies and 2% by the companies. The survey indicates that the preference of agents and associations throughout the business as between local and nation-

(CONTINUED ON PAGE 47)



Kenneth Ross of Arkansas City, Kan., new president of NAIA; George Hanson, executive secretary and general counsel, and Joseph A. Neumann, Jamaica, N. Y., retiring president, shown at the NAIA convention in Los Angeles.

## Southern Conference Discusses Methods of Meeting Factory Mutual Competition

The special committee on Factory Mutual competition of Southern Agents Conference presented its preliminary report to the conference at the meeting in Los Angeles. Frank R. Bell Jr. of Charleston, W. Va., chairman of the special committee and vice-chairman of the conference, told the conference that the committee met with Factory Insurance Assn. officials in July to discuss the increasing pressure of Factory Mutual and Improved Risk Mutuals competition in the southern territory.

The meeting at Hartford with FIA was on invitation by FIA to discuss vital problems, and Mr. Bell said the research studies of the agent group was considerably furthered by the conference. Further meetings are planned with the hope of securing a united company-agent front to deal with the problem.

"The agent committee believes," Mr. Bell said, "that stock companies must take a much more realistic view of basic underwriting in the south today in order to meet competition. At the same time, the agent associations must bring to the attention of supervisory authorities in their states the extreme deviations being used. The committee is accumulating case histories and investigating the legal status of filings."

Mr. Bell noted that many agents hold the mistaken belief that FIA is for the big agent only.

Others who participated in the discussion of this topic were Louie E. Woodbury Jr. of Wilmington, N. C., chairman of the conference's property insurance committee; William Walker of Richmond and A. L. Schlesinger Jr. and Thomas Winkler of New Orleans.

Hayne P. Glover Jr. of Greenville, S. C., presided as conference chairman.

David J. Brewer of Greenwood, Miss., chairman of the casualty committee, reported that unsatisfied judgment cover seems presently a dead issue. There is no demand in this territory for such cover. He asked that agents suggest improvements in the seven class auto plan.

J. E. Schachte Jr. of Charleston re-

ported that the dates of the annual meeting of the conference at Charleston have been changed to April 5-7.

Bert Havard Jr. of Gulfport, president of the Mississippi association, discussed the Southern Insurance Institute, its wide geographical character and fine quality of program, and urged stronger support of it by the NAIA educational committee.

## Private Crop Cover Is Being Readied

Though the crop insurance program by private insurers is not in final form. The statement of principles by the American Insurance Assn. committee is being transformed into a multiple peril crop insurance policy by Crop-Hail Insurance Actuarial Assn., Milton W. Mays of America Fore reported at the NAIA meeting in Los Angeles. He said rates, rules and forms for filing and use in a selected number of counties are being worked out in time for covering certain spring crops of the 1956 crop year.

In general, he said, the multiple peril crop policy will follow the format of the policy identical with the cover of the standard crop-hail policy with part one of the regular hail policy and part two covering against specified additional perils for a percentage of the amount of part one cover.

Though the program is experimental it is on a sufficiently broad scale to reveal any cover or rate defects. Mr. Mays said if it had not been for the interest of NAIA in crop insurance the AIA crop study probably would not have been undertaken. The study is a nice example of cooperation between organized agents and companies. Individual insurer and agent now will determine what the program will amount to.

## Florida Wins Fire Award

The National Assn. of Insurance Agents' fire safety award was won by Florida.

## Tone Continues to Be Constructive, Non-Controversial

**Ross Advances to the Presidency; Attendance Includes Lot of Family**

By KENNETH O. FORCE and JAMES C. O'CONNOR

LOS ANGELES—A mood of confidence prevailed at the annual convention of National Assn. of Insurance Agents here, which reflected the continuing climb of local agents to a position where they have their major problems, including that of competition in proper focus. The program of the meeting indicated also that agents have come to a keener recognition of the kind of sound thinking and hard working they have to undertake in order to meet their problems successfully and maintain the momentum of recent years.

The attendance established a new record. Between 2,500 and 2,600, which compares with the previous high of 1,913 at Washington, D. C. Many agents brought along members of their families, and there were many women and children on hand. Many also used the occasion of the convention to take vacations, with side trips over the west and to Honolulu.

Kenneth Ross of Arkansas City, Kan., was elected president, and Robert E. Battles of Los Angeles seemed on Tuesday to have the edge in the contest for vice-president.

Mr. Ross is a seasoned, well-balanced local agent and association leader who believes in hard work and solid accomplishment. Consequently, his administration is expected to continue in the tradition of constructive effort which has characterized the NAIA for several recent years.

Mr. Ross began his career in 1938 with the Crane agency in Arkansas City. He entered business for himself in 1942 and saw army service in 1944-45. He was president of his local and state association, and served 1950 to 1954 as state national director. He went on the NAIA executive committee in 1951. He has paid particular attention to membership, agency management and advertising.

The showing of the movie, "The Changing American Market", by Warren A. King of Life magazine was one of the features of the convention. Its impressive display of both the changes and the expansion in the economy tallied with what agents, in their scrutiny of their own business, to find the answer to competitive problems, have discovered for their own particular account.

In general the program emphasized the increased opportunities for agents special developments in competition, and what to do with problems in agency management.

One interesting convention phenomenon was the vigorous participation in display and the maintenance of headquarters suites by life insurance com-

(CONTINUED ON PAGE 46)

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### Midwest Conference Meeting Is Brief, Agenda Light

LOS ANGELES—The Midwest Territorial Conference of National Assn. of Insurance Agents as usual drew the largest turnout of agents for any of the territorial sessions at the annual meeting here. However, there was no newsworthy feature, since, defying history, the meeting was brief and it was one of the first of the territorial conferences to adjourn Monday afternoon. This could have been due to the fact that the midwesterners were decidedly unsold on the California idea of holding the territorial sessions at 4 p.m. Monday instead of a civilized morning or afternoon hour, but probably it was due to the determination of L. D. Engberg,



L. D. Engberg



E. L. Lederer

St. Paul, to smash precedent and make this meeting brief, leaving discussion of business details to the annual meeting at St. Paul.

The major item on the middle west agenda was the formation of a farm committee to discuss problems on coverages with the companies. Mr. Engberg brought this out in his report, and E. L. Lederer, Chicago, chairman of the conference committee, elaborated on it when he reported. There was no disagreement on the desirability of such a committee, the only argument being over whether the committee should be relatively small, such as having five members, or whether it should have one member from each of the 15 states in the conference. Mr. Lederer strongly advocated a larger committee and, though no formal vote was taken, the group was overwhelmingly in favor of it, so it was left up to Mr. Engberg to appoint the chairman and members.

Mr. Lederer reported that his committee had discussed 38 items with company representatives and there were only five on which the companies were flatly opposed. Even on these, the company representatives agreed that their minds might eventually be changed. Among the successfully completed items, Mr. Lederer mentioned the alterations and repairs

permit on blanket forms, the exclusion in the extended coverage endorsement of rotating parts of machinery, which he said has already been deleted in Iowa and Kansas and is on its way out in the balance of Western Underwriters Assn. territory, breach of warranty clause and removal permits. He said the companies have agreed that, on mercantile stock losses, the cost of stacking, shelving and labeling goods will be considered as part of the actual cash value. There has been an argument about the provision in the replacement cost endorsement that the building must be restored or replaced at the same site, as a result of which the companies have agreed to waive this for church and public properties. So far, the companies have not agreed to this on mercantile buildings but Mr. Lederer said that such coverage is obtainable through London Lloyds. The companies asked for a \$10 per policy or per installment minimum premium and the agents were happy to go along.

Asked from the floor about the many complaints about there being no provision for scheduling valuable items of jewelry under homeowners policy, Mr. Lederer said that this is "in the works" and he thinks it will come about soon.

Arthur M. O'Connell, Cincinnati, past midwest conference chairman and now NAIA executive committee member, reviewed the history of the conference. He emphasized that it has always been the strongest conference within the national association. He also discussed the proposal for a casualty committee within the conference, which he strongly favored. Praising the work of J. H. Bandy, Nashville, NAIA casualty committee chairman, Mr. O'Connell pointed out how regional casualty problems differ. The major matter in the middle west is the preponderance of non-bureau stock companies. No official action was taken on this proposal, but it appeared certain that it would be a major matter at the St. Paul meeting next spring.

An example of interstate courtesy was provided by the informal honorary memberships conferred on **Leslie Hackney**, Bakersfield, Cal., agent and **Mrs. Hackney**, by Arthur L. Schwab, Staten Island, president of New York state association during the NAIA convention in Los Angeles.

Members of the executive committee of National Assn. of Insurance Agents showed up at the sessions which preceded the convention in Los Angeles with unusual ties. Of conservative cut and hue, the tie design consisted of the fine print in fire policies. They were the gift of **Milton W. Mays** of America Fore, who was in Los Angeles to report to the executive committee on crop insurance for American Insurance Assn.

Arthur M. O'Connell of Cincinnati; William Calhoun, formerly of Milwaukee but now an agent at Orlando, Fla., and Archie Slawsky of Nashua, N. H., at the NAIA convention in Los Angeles.





## Eastern Agents Ask NAI A Study of Flood Indemnity

LOS ANGELES—The eastern territorial conference, at its meeting during the NAI A convention here, adopted a resolution requesting NAI A to study the matter of indemnity for flood damage and to recommend action to rating bureaus. The matter of flood cover was debated at some length and the history of the discussion of flood insurance since Hurricanes Connie and Diane was reviewed.

Chairman Warren A. Bodwell of Manchester, N. H., presided.

Companies favor wave wash cover but up to now have been unable to find a practical method of supplying it, Stuart Windsor of Baltimore, conference committee chairman, stated. He also reported that he understands that all future filings of EC rates will be on a mandatory deductible basis. However, he noted that the recent revision in New York was on an optional deductible basis.

He said that a study is being conducted of EC experience on contents. The catastrophe plan of National Board has been greatly improved, he said, and he congratulated the board on its contribution to solving the catastrophe loss problem.

"Hospitality rooms at agent conventions should not be eliminated," he said, "but should be continued on a modest basis with rooms closed during convention sessions and closed for the night at a reasonable hour."

Frederick W. Doremus, manager of Eastern Underwriters Assn., said that though mandatory EC deductible had been discussed for years, the 1954 hurricanes showed the need for it. He was asked to comment on the effect of the mandatory on the business of agents in competition with direct writers offering full cover. He replied that in his opinion the direct writers are just as worried as the other insurers are. The market for catastrophe cover is tight. He said companies may offer a rate for a \$100 deductible after a study of the experience on the \$50 mandatory.

Valmore Forcier, Danielson, president Connecticut association, said the fact that agents in his state can sell only mandatory and that direct writers sell full cover has not hurt agent sales or public relations. Agents in Connecticut, however, have done a good selling job, he declared.

## Transport of L. A. Asks to Issue More Stock

Transport Indemnity of Los Angeles has applied to the California insurance department for a permit to issue 59,061 shares of common stock of \$10 par value to policyholders and subscribers to Transport Indemnity Exchange, of record as of last Feb. 1, in exchange for their equities in the exchange.

The company has an authorized capital of \$2 million of which, as of last Dec. 31, \$803,160 had been paid in. As of the same date its assets were \$10,007,224. Sam A. Simpson is president, George E. Fiore executive vice-president, Robert W. Stevenson vice-president and secretary, William Sundahl treasurer, and A. G. Provis assistant secretary-treasurer.

As a personal gift, retiring President Joseph A. Neumann of National Assn. of Insurance Agents presented to members of the executive committee a set of cuff links and a third button for use as boutonniere or tie clasp.

## Seek Simpler Pay Plan on Term in Far West Area

Members of the Far West Territorial Conference at their meeting during the NAI A convention in Los Angeles discussed efforts in that territory to develop a simplified installment payment plan for term fire business so there will be no need of the annual renewal term plan. Three simplifications have been suggested, including one by the California association. These have been submitted to Insurance Accountants Society of San Francisco for study.

Frank C. Colridge, manager of Pacific Board, reported on the new committee system of that organization. Membership of committees that work with state agents contact committees rotates, and for the first time an inland marine man is being included in committee membership.

The William H. Menn public relations award went to Honolulu.

## General Agents Hold Open House, Meetings

American Assn. of Managing General Agents held its usual open house and series of executive committee hearings during the meeting of National Assn. of Insurance Agents at Los Angeles. Headquarters were maintained at the Biltmore, in charge of Barney Vanston, Dallas, president, F. W. Brundick Jr., Jacksonville, chairman, and Herbert Cobb Stebbins, Denver, secretary. After a breakfast party Monday, the executive committee met briefly and on Tuesday had a joint meeting with the NAI A executive committee. A final executive committee session was scheduled for Wednesday.

## State Secretaries Meet, Elect Allgood

LOS ANGELES—Executive secretaries of the state associations held their customary get-together and meeting ahead of the National Assn. of Insurance Agents' convention here. Richard Allgood of Nebraska was elected chairman to succeed Charles J. Unger of New Jersey.

The secretaries discussed particularly public relations and advertising programs. W. Harry Wiley of Connecticut, George Goss of Tennessee, Don L. Nabity of Colorado, Drex Foreman of Texas and Waldo Hildebrand of Michigan described the programs in their jurisdictions.

Membership and education also came in for discussion.

## Sees Fine Future for Insurance, Agent

Ralph L. Inglis, president of Founders, discussed the future of the fire and casualty business in his talk at the NAI A convention in Los Angeles. Starting with the expansion theme set out in the presentation by representatives of Life magazine in the film, "The Changing American Market," Mr. Inglis noted that the largest group and greatest concentration of wealth is now the middle income class—the family with an income of \$4,000 to \$7,500.

These are the families who will buy 6 million automobiles in 1956, he said, and they will take up the million additional housing units needed in each of the remaining years of the 1950s.

He said local agents accounted for about 70 of the \$10 billion in fire and casualty premiums in 1954. He predicted that insurance will grow and capital stock insurance and agency-produced insurance will grow apace.

Beside the growth in population and the expansion in the economy, another factor will tend to expand insurance—public welfare projects such as workmen's compensation, unemployment compensation, disability, etc. When lawmakers devise these new social insurance forms, it seems proper in the public interest and in the interest of the insurance business that the established facilities of the insurance business be relied upon to do the insurance job.

There is bound to be change, also, he said. He called attention to multiple peril covers and block insurance, and said policies including a variety of exposures in one contract is certain to increase underwriting stability because such practices mitigate adverse underwriting selection.

One result of multiple peril underwriting is development of composite rating. Once the number of forms and variety of statistics are reduced, the need for a variety of rating organizations will be reduced, he said. Also, insurance is definitely headed toward simplification.

The agent is very much in the scheme of the insurance of the future, he declared. There is talk he will have a new name, but there never has been the slightest question but that the independent insurance intermediary is an integral part of the American insurance business. The agency system is unique, the agent should be charged with a large part of the insurance job.

Much of insurance is of a service nature: Service to policyholder, to un-

(CONTINUED ON PAGE 40)

## Local Agents Fight for Survival, Munz Tells Work Session

Can Win but Only if They Get out of Easy Chairs and Sell; He Tells How

The competitive war in the distribution of insurance is now on, H. Earl Munz of Paterson, N.J., chairman of the NAI A property insurance committee, told the work session of the annual convention of National Assn. of Insurance Agents at Los Angeles. He described the ammunition local agents have for the fray and urged selling as the only plan of campaign that will win for their side.

The success of direct writers in a sense aims at elimination of local agents as factors in the distribution of insurance, Mr. Munz believes. He scored those agency insurers that argue that too great a portion of the premium dollar goes to producers. Some companies, that have introduced schemes to meet the direct writer's price appeal by a reduction in premium taken almost entirely from the agent's commission, frankly say that if local agents are to remain in business, they will have to accept these schemes. Mr. Munz says he is not giving up so easily.

Among the assets of the local agents are capital stock insurers with which agents have worked for many years to develop a system of furnishing and distributing insurance which has placed more protection than any other system. Among other assets are National Board, National Fire Protection Assn., Underwriters Laboratories, Factory Insurance Assn., national advertising of the local agent and his services by scores of companies. Also, the agents have a stout National association, and strong, healthy state associations and local boards. Finally, they have thousands of hard working, intelligent, independent contractors who are proud to wear the label of the local agent.

In addition, he emphasized, only a local agent can offer complete insurance protection against all insurable hazards.

The most effective weapon of the direct writer is price, he said. Mutuals follow the cooperative line with their tax advantage, and direct writing mutuals claim additional lower cost by eliminating the middle man, he said.

Agents cannot afford to overlook the strength of direct writers and specialty companies. Names have been chosen which give them a certain universality or catholicity. They call their employees local agents, open offices over the country, set up claim centers in many locations, conduct advertising on a large scale, and aim their guns initially at automobile and dwelling business.

Some companies and many agents are straddling the fence and cannot be counted upon by either side, Mr. Munz believes.

This is a war which cannot be won in one great battle but must be fought and won in a lot of little battles in which the local agents will have to depend upon the courage, intelligence and initiative of their kind.

It seems ridiculous to tell local agents that in the battle ahead they must be

(CONTINUED ON PAGE 40)

Kenneth Ross, Arkansas City, Kan., the new president of NAI A, shown with Joseph A. Neumann of Jamaica, N. Y., retiring president, at a meeting of the executive committee in Los Angeles.



## NAIA Committees Perform Another Year of Constructive and Effective Work

Following are summaries of the reports which committees of National Assn. of Insurance Agents turned in at the annual convention in Los Angeles.

### MEMBERSHIP

Sidney A. Singleton of Orlando, Fla., chairman of the local board and membership committee, reported total membership of NAIA as of Sept. 1 as 32,113, a gain of 448 for the year. Hopes for a higher figure were reduced by many year end drops.

The advance in some areas has been steady and New York state association's membership recently passed the 2,000 mark, which puts three state associations in that category.

There are now 1,055 local boards, an increase of 47 for the year, which is probably the most significant development of the year, because the local unit is the backbone of state and national

associations. A new territory is now represented in the membership, a local agent of the Virgin Islands.

The committee expressly commended George R. Cross of headquarters, "who, during his first year of work with the committee, exhibited a high degree of initiative and imagination."

### FIRE SAFETY

The program of the fire safety and civil defense committee is too important not to have a meeting during the year, Simpson Stoner, Greencastle, Ind., said in his report.

The committee has plans under way to distribute a brochure to encourage local agents and local boards to take more active leadership in fire safety movements in their communities. This brochure is being distributed by National Board, working with James R. Mathews, staff secretary to the com-

mittee. It is planned to distribute a copy to the presidents, secretaries and fire safety chairmen of each local board.

### CASUALTY INSURANCE

Unsatisfied judgment cover was the subject of extensive consideration by the casualty insurance committee, of which Joe H. Bandy, Nashville, is chairman. His report stated that the results of the questionnaire on UJ cover indicated an even division of opinion among agents on whether such coverage is imperative. In some areas it is essential to combat compulsory. The practical difficulties of developing a satisfactory coverage are such, however, that the casualty committee could not recommend to NAIA that as a matter of policy it should press for the coverage. A subcommittee of the casu-



J. H. Bandy

ality committee is currently considering the subject. The casualty committee recommends that this study be continued.

Because presently National Bureau's retroactive provisions of the effective date rule is under criticism by many agents, the casualty committee has sent to state officers its request for an expression of agents' feelings. When these have been completed, the casualty committee wants further conferences with National Bureau on the subject.

Other ideas being pursued are simplification of casualty and automobile manuals, the development of a junior 3-D policy with lower limits and lower minimum premiums, the term rule for glass coverage, credits for approved and non-approved burglar alarm systems, elimination of the automobile physical damage symbol section with a table of rates governed by the new cost of an automobile and all of its accessories and attachments, and consideration by National Bureau of providing advance copies of filings to the NAIA casualty committee to secure the suggestions of agents before a filing is made.

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### AGENCY MANAGEMENT

For several months the principal activity of the agency management



Deane W. Merrill

committee, headed by Deane W. Merrill of South Orange, N. J., has been to produce some uniformity among the agency cost analyses published by various sources. The group has taken exception to the use of the term "net profit" by one publication in a way that infers a profit of up to 60% for an agent with a \$125,000 annual premium volume. Close scrutiny reveals that this figure, as specified in this particular analysis, does not include the proprietor's salary. The true "net profit" is closer to 10%, a figure much more compatible with the NAIA findings.

Exception also has been taken to the inclusion of "other income" for determining net profit from pure insurance agency operations. This tends to give a distorted result, since it includes non-universal items such as contingent or life insurance commissions. For that reason the NAIA study kept such income separate from the operations figure.

A meeting was arranged with the interested editorial sources during the Los Angeles meeting to resolve these differences.

The project of an agency management workshop resulted in the Wednesday morning panel of the general NAIA program.

The agency management committee is the smallest, in number, of NAIA standing committees, other than finance. Mr. Merrill and his group feel that the operation would be more effective with two more members, for a total of six.

### ACCIDENT PREVENTION

The report of the accident prevention committee, headed by Sidney E. Nelson, of Racine, Wis., reflected a busy and effective year. The committee at Los Angeles emphasized "safety education for youth" because so many

(CONTINUED ON PAGE 44)



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## Herndon Reviews Action in Capital On Major Matters

The outlook in Washington on matters of interest to members of National Assn. of Insurance Agents is not good as it becomes apparent that more and more local agents are being squeezed out of participation in federal insurance. Maurice G. Herndon, D. C. representative of NAIA, said at the annual meeting in Los Angeles.

The issue of what is to be done about flood insurance is rapidly coming to a head, he said. The Senate banking and currency committee plans hearings on disaster insurance—flood, earthquake, tidal wave, etc., and President Eisenhower had indicated he would send a message to Congress on the subject in January. Several Senators and Representatives are preparing legislation on indemnification for losses from floods and other disasters. Democrats and Republicans are jockeying for the credit of finding a solution.

The government may set up a disaster insurance organization with principal funds from Congressional appropriations. Whether the business will be asked to administer any such program as it did war damage insurance is a moot question.

Blanket bonding of federal employees is now a fact. The program worked out by insurers for reducing federal employee bonding from over 1 million individual bonds to 80,000 odd blanket or position bonds died, primarily because of Post Office opposition. The companies more recently had worked out a specific program of blanket bonding of internal revenue service with 68 blanket bonds. Tentative acceptance of this program by IRS was indicated by the fact that sample forms had been printed. Recently, however, officials of these two agencies have presented new demands for one bond for each agency.

As private insurance apparently prepares to enter the crop field on a limited basis, Federal Crop Insurance Corp. officials indicate continued approval of the operations of local agents who are representing FCIC throughout the country. Officials at the agency indicate, however, a slight reduction in the number of local agents participating.

With a major personnel change among federal trade commissioners, it is probable that some major decision will be reached soon as to whether to taper off FTC's A&H inquiry or accelerate the issuance of complaints. A new and key figure among the commissioners is former Congressman Gwinn, who, while he was in Congress, actively participated in the passage of public law 15. One rumor is that the new officials will cause FTC to return to an age of reason in its A&H activities.

A study of reports and conferences with atomic energy commission officials indicates only a slight possibility that any NAIA members will find it possible to participate directly in this field of insurance. AEC officials feel, however, that NAIA members can benefit from the various by-products of private industrial use of atomic energy through the growth of new industries and expansion of old, which will supply the needs of those directly using nuclear fission for the development of power.

For those NAIA members who wish to make the effort to participate directly in atomic insurance, it is necessary that they obtain a basic L clearance by requesting an application form from the division of civilian application, AEC, Washington. A \$10 fee is charged by AEC for processing the application.

Frequent assurances have been issued by members of Congress and government officials that "something definitely will be done in the next session of the Congress" to bring about the tax relief which sections 452 and 462 would have brought into being.

A strong rumor is circulating in Washington to the effect that the promised congressional investigation of how well state insurance regulation is working may be just around the corner. The anniversary date of the end of the moratorium granted by public law 15 is June, 1956.

### RMTC Holds Session at NAIA Meeting

Rocky Mountain Territorial Conference met during the meeting of National Assn. of Insurance Agents at the Biltmore hotel in Los Angeles, with Jerry Haggard, Albuquerque, presiding.

An important problem was the decision of Colorado Insurers Assn. to abandon its annual fall convention and to hold its meeting in connection with the spring conference session at Colorado Springs. The schedule was worked out with D. L. Nabity, who is secretary of the conference and of the Colorado association and it was believed that any conflicts will be avoided.

Appointments to the nine man committee which confers with the companies in the Rocky Mountain region were considered.



A group of southerners seen at the NAIA convention in Los Angeles: E. J. Seymour, Monroe, La., and O. Shaw Johnson of Clarksdale, Miss., both past presidents; C. S. McNew Jr. of Pine Bluff, Ark., and David J. Brewer of Greenwood, Miss.

### Past Presidents Have Fun at Annual Gridiron Dinner

LOS ANGELES—The annual past presidents dinner of National Assn. of Insurance Agents held on Sunday evening here followed the usual pattern of poking fun at NAIA brass, but was noteworthy for the unusually large number of ex-presidents—twelve—who attended, despite the remote location. And the fun show, was ably arranged by E. J. Seymour, Monroe, La., immediate past president, who, by NAIA tradition, inherited the debatable honor of being host and master of ceremonies at this "has-been party." By all accounts Mr. Seymour performed so brilliantly that those in attendance were considering an amendment to the NAIA constitution to make him permanent chairman of the event.

Mr. Seymour built his entertainment around a currently popular television show, calling on each member of the NAIA "brass" to answer an unanswerable and embarrassing question. The jocularity which followed was obvious proof of Mr. Seymour's insight into the private lives of his victims.

Past presidents in attendance were W. B. Calhoun, 1931, then of Milwaukee,

but now enjoying retirement in Florida; C. L. Gandy, 1932, Birmingham; W. H. Menn, 1938, Los Angeles; D. A. North, 1942, New Haven; F. A. Moreton, 1943, Salt Lake City; G. T. Warfield Jr., 1946, Baltimore; W. P. Welsh, 1947, Pasadena; J. C. Stott, 1948, Norwich, N. Y.; O. S. Johnson, 1949, Clarksdale, Miss.; M. J. Miller, 1950, Fort Worth, and Mr. Seymour.

The major note of sadness was over the inability of C. F. Liscomb, Duluth, to attend. Mr. Liscomb, who was elected president in 1938, suffered a heart attack recently. He is making a splendid recovery and was released from the hospital only two days before the convention. R. V. Hood, his partner, who attended the convention, told Mr. Liscomb's many friends that the outlook was very favorable.

### Home States Honor Neumann and Ross

Kansas Assn. of Insurance Agents honored the incoming president of NAIA, Kenneth Ross and Mrs. Ross, at the convention in Los Angeles, with a cocktail party. New York state association similarly feted Joseph A. Neumann, the retiring president, and Mrs. Neumann. The Neumanns were presented with a tree of yellow roses and dollar bills. The bills were in answer to Mr. Neumann's frequently expressed belief that money doesn't grow on trees.

### Earliest America Fore Directory

The annual NAIA convention directory of America Fore group appeared at the earliest time in history—Tuesday morning—and made its usual hit. Prepared under the supervision of Frank J. Ennis, advertising manager, the 1955 directory embodied a new type face and arrangement, which made it more legible and easier to use than in the past.



C. Stanley Stults of Hightstown, N. J., Mrs. North and David A. North of New Haven, Conn., past president of NAIA, at the Los Angeles convention.



Deane W. Merrill of South Orange, N. J., past president of the CPCUS, and Kenneth L. Nehring of Tucson, at the Los Angeles convention of NAIA.



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## Greetings

### TO THE NATIONAL ASSOCIATION OF INSURANCE AGENTS ON ITS 59TH ANNIVERSARY

Agents, in recognition of their obligation to the public, stand for and firmly advocate the principles of the American Agency System and the sale of sound capital Stock company indemnity. Only through upholding these highest principles of insurance will they enjoy greater prestige and security for capital Stock insurance.

THE WESTERN MANAGERS whose names appear on this page believe in and endorse the principles of the American Agency System and represent companies that, of course, offer only sound capital Stock insurance protection. Through their close contact with agents they offer their facilities and services in the proper conduct of the business, and through this medium send greetings to the National Association of Insurance Agents.

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*Vice President*

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PARK RIDGE, ILLINOIS

#### Paul H. Barr

*Vice President*

THE HANOVER FIRE INSURANCE CO.

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#### Chas. W. Ohlsen

THE SUN GROUP

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## Tye Gives Agents Suggestions for Tax Savings in Their Business Operations

American citizens have no vested constitutional right to keep a single dollar of their income, Charles W. Tye of Joseph Froggatt & Co., New York, said in introducing his discussion of agency tax problems and planning at the NAIA meeting in Los Angeles. In fact, current tax rates ranging from 22.2 to 92% in the case of individuals and up to 25% as to corporations, borders on confiscation.



Charles W. Tye

The tax liability of most businesses is higher than necessary, due to lack of planning, failure to claim proper deductions or exclusions, handling various transactions in the most costly tax manner and frequently outright stupidity on the part of those charged with the tax responsibility of a business, Mr. Tye went on. These observations include insurance agencies. Mr. Tye then pointed out the pitfalls to be avoided and recommended proved saving features that can be used by a one-man agency, the partnership and the corporation.

The revolutionary changes made by Congress in the 1954 revenue act require agents to reexamine their partnership agreements, continuation plans, trust arrangements and wills.

The new revenue law has gone a long way towards bringing the tax

law into agreement with accepted accounting principles, he said.

The measure changes the definition of a business bad debt. This now is fully deductible against ordinary income, but a non-business bad debt is considered a capital loss, deductible only against capital gains and a limited amount of ordinary income.

Theft or embezzlement losses will be deducted in the year in which they are discovered. Previously, they had had to be deducted for the year in which they occurred, and frequently the loss was not discovered until it was too late to go back and get a refund.

Outside salesmen who solicit business full time away from employer's place of business will be permitted to deduct entertainment and all other business expenses to get adjusted gross income as self-employed salesmen now do. Employees will be permitted to deduct all business transportation expenses from their gross income.

Agents were specially interested in sections 452 and 462 of the new law, which provided for deferral of prepaid income and establishment of reserves for future expenses. These sections were repealed, but effort is being made to preserve the substance of them in order to obtain relief in connection with term commissions.

The net operating loss provisions of the new law provides a two year carry-back and a five year carry-over. This could have a considerable bearing upon plans to change from a partnership to a corporation or vice versa. Also, of particular interest to corpor-

ate agencies is the relaxing of the section on accumulating surplus earnings so that it is not as serious as heretofore. This penalty tax is at the rate of 27½% of the first \$100,000 of each year and 38½% of the amount in excess of \$100,000. The new law permits corporations to accumulate earnings for reasonably anticipated expansion plans even though the funds are not immediately reinvested. Formerly, the penalty tax was imposed on the entire earnings for the particular year in which it is established that earnings were unreasonably accumulated. Now, the tax is imposed only on the amount of earnings unreasonably accumulated for that year. In addition, the new law permits a corporation to accumulate \$60,000 of earned surplus before the penalty tax is imposed.

There are also some definitely new provisions on taxability of partnership income. Partnership is one of the most popular forms of agency organization.

Among the new partnership provisions Mr. Tye noted the following:

1. Upon a current distribution by a partnership, ordinarily no gain or loss will be recognized, and any property distributed will retain, in the hands of the distributee, the basis it had in the hands of the partnership. The carry-over basis theory is a departure from prior law, which provided that distributed property would have as its basis, in the hands of the distributee, a "properly allocable" portion of the distributee's basis for his partnership interest.

2. The basis of partnership property may be adjusted to reflect certain gains and losses on distributions of partnership property and certain increases and decreases in the basis of partnership interests resulting from transfers of partnership interests. This optional treatment is completely at variance with prior law.

3. To the extent that the partnership property consists of either unrealized receivables or inventory items which have appreciated substantially in value, a partner shall not escape paying tax at ordinary rates on his pro rata share thereof, regardless of whether he sells or exchanges his partnership interest or receives distribution in liquidation of his partnership interest. This represents a departure from prior law as to sales and exchanges, but not necessarily so with respect to distributions in liquidation.

One provision of the new code of great importance to agency partnerships is section 736 relating to payments made to a retiring partner or to a deceased partner's estate or heirs. Formerly it was not always clear which part of such payments was to be attributable to the purchase price for the capital asset of the retiring or deceased partner and which part was a distribution of partnership profits. The spreading of payments as a percentage of profits over a period of years did not always determine the tax effect. The new code makes it clear that control of the tax incidents of such payments lies in the terms of the partnership agreement.

The tax incidents are extremely important. If the payments are regarded as the purchase price of the business interest, the retiring partner or the estate or heirs of the deceased partner will pay only the capital gains tax on the difference between the cost basis and the amount received for the partnership interest. The surviving part-

ners in this situation will not be allowed to deduct these payments from their income tax even though payments are made in installments over a period of years.

Conversely, if a portion of the payments is regarded as a distribution of partnership profits, the surviving partners will be in a better tax position because they will be able to exclude from their income tax the payment to the retiring partner or successor in interest of a deceased partner. The recipient must then report the portion of payments which is regarded as a distribution of profits as ordinary income and must pay tax on these amounts at ordinary income tax rates instead of capital gains rates.

Under the provisions of the new tax code, payments made for an interest in partnership property will result in capital gain or loss treatment for the recipient and no exclusion from income for the surviving partners. However, section 736 (b) (2) provides further that payments for an interest in partnership property shall not include amounts paid for "good will" of the partnership, except to the extent that the partnership agreement provides for a payment with respect to good will."

So, the greater portion of the amounts paid to a retiring partner or a successor in interest of a deceased partner will now be, in the absence of an up-to-date partnership agreement, taxed to the recipient as ordinary income and will be excluded from the income tax of the surviving partners.

Mr. Tye believes that lump sum payment, in absence of a newly drafted partnership agreement, may cause serious hardship to the widow or heirs of a deceased partner because the greater portion of the payment attributable to the value of expirations (good will) will be taxed to the recipient under the new code as ordinary income at the high ordinary income tax rates even though received in a lump sum in one taxable year.

Many purchase-sale agreements contain a covenant that the seller will not compete for a period of time. If under the agreement, no part of the purchase price is allocated to the non-competitive covenant, capital gain tax treatment results. The purchase price is not deductible by the purchaser from gross income. But if this covenant can be segregated and purchase price allocated to it, the amount paid for the covenant is ordinary income and not capital gain to the seller. Frequently, of course, the covenant is not severable but merely accompanies the transfer of good will. In such cases the courts hold that the covenant has the function primarily of assuring to the purchaser the beneficial enjoyment of the good will which has been acquired and is deemed a non-severable contributing element to the assets transferred.

The buyer and seller's tax interests conflict in this situation. Accordingly, if the agent is selling he should see that the contract of sale avoids allocation of any part of the purchase price to the covenant or he will have to report such proceeds as ordinary income even though the sale may have resulted in a capital loss. If he is the purchaser, he will want the allocation in the contract in order to claim a tax deduction pro rata over the life of the covenant on the theory that the covenant has been severed from good will and is amortizable.

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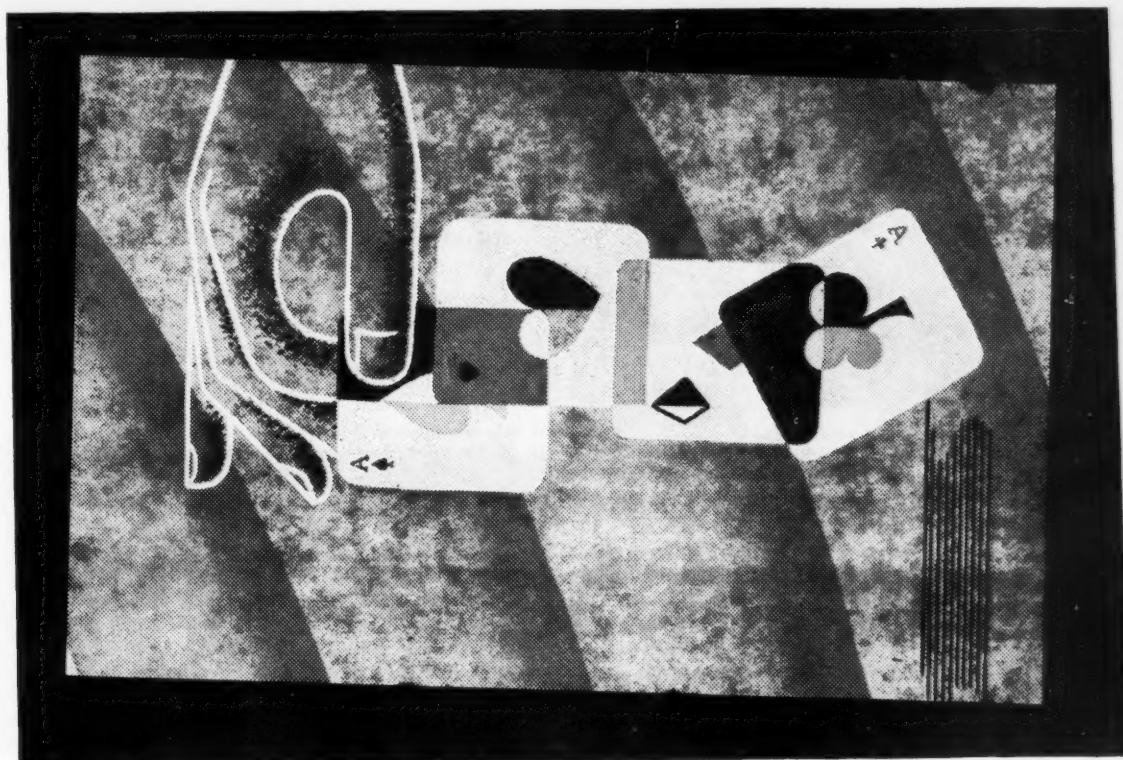


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HOTEL CALUMET .....Fond du Lac  
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**New Universal Non-Cancellable Disability Policy — The Income Protector with Built-in Satisfaction — Provides WORLD WIDE Protection and is conspicuous in the industry with its LACK OF EXCLUSIONS!**

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**\$15,000+ Hospital Protection**

**New Premier Disability Policy — Income Protection in Open Form: LIFETIME Accident and LIFETIME Sickness (no confining requirement first 24 Mos.) Lifetime—One Year; 5 Year-5 Year; or 2 Year-6 Mos. Plans of indemnity are written — All on the same policy form.**

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Shown in front of the Springfield's covered wagon painting at the NAIA convention in Los Angeles: Roy E. Wessendorf of San Francisco, Mrs. Wessendorf; Charles E. Freeman of the home office; Mrs. R. R. Reutepohler and Mr. Reutepohler of San Francisco.

Frank Ennis; Mrs. Lavonne Clark; James Guy and Miss Jane Breckenridge, shown at Los Angeles working on the America Fore directory for the NAIA convention.



Jules Simoneaux Jr., New Orleans; Herbert Cobb Stebbins, Denver, secretary American Assn. of Managing General Agents; Mrs. Stebbins, and Jules Simoneaux, New Orleans, at the general agents' suite during the NAIA convention in Los Angeles.



Seen at the NAIA convention in Los Angeles: Andrew Wheeler, west coast manager of the National Underwriter Co., and T. James Carlile, in charge of insurance for the Anglo California Bank at Los Angeles.



Gardner C. Waite of Bozeman, Mont., and J. Norvell Trice of Richmond, Va., seen at the NAIA convention in Los Angeles.



At the Pacific Fire hospitality headquarters during the NAIA convention in Los Angeles: S. Griffing Ammerman, of the head office, Harold J. Johnson, Pacific Coast manager, and Franklin J. Pocquette of Chicago.

Mrs. John F. Neville, whose husband is former secretary of NAIA and is now with American Insurance Assn., and Melvin J. Miller of Fort Worth, past president of NAIA, shown at Los Angeles.



William H. Menn of Los Angeles, past president of NAIA and general convention chairman, with Harry Perk Jr. of Los Angeles at NAIA convention.



At American Assn. of Managing General Agents headquarters during the NAIA convention: Mrs. C. J. Johnson of Wheeling, W. Va.; L. H. Simonton of Denver, and Mrs. Simonton.



At the Hartford group headquarters in Los Angeles during the NAIA convention: Earle L. Matson of Hartford Accident, Los Angeles; A. E. Lampe of American Foreign Insurance Association, San Francisco; A. C. Harris, local agent at Glendale, Cal., and M. W. Pelletier of Hartford Accident, Oakland.



## Cal. Agents Elect Knapp at Brief Annual Parley

LOS ANGELES—California Assn. of Insurance Agents held an abbreviated annual meeting at the Biltmore hotel here during the meeting of National Assn. of Insurance Agents and elected B. F. Knapp, Fresno, president, to succeed Paul Wolcott Jr. of San Diego. Other officers elected were J. P. Bennett, Los Angeles, vice-president and Roger Chickering, Oakland, secretary. Under California custom, Mr. Bennett will move into the presidency next year and Mr. Chickering in 1957.

Mr. Knapp, a native of Seattle, has been with the Shepard-Knapp-Appleton agency since 1937. He had been with United Pacific previously and during the second world war was a captain in the army air corps. He served the California association on the accident prevention and National Automobile Club committees before becoming secretary in 1953, and vice-president last year.

Mr. Knapp was also elected state national director, succeeding Robert E. Battles, Los Angeles, now NAIA executive committeeman and "favorite son" choice for NAIA vice-president.

The major resolution adopted praised the members of the California legislature for passing a more stringent agent licensing law in spite of tremendous pressure from opposing insurance factions.

Hugh Coburn, San Francisco manager of Boston and Old Colony, presented Mr. Wolcott with a model fire engine in tribute to his services to insurance in California and throughout the country.

The Salinas Assn. of Insurance Agents was awarded the William H. Menn trophy for outstanding local board accomplishments. Jack Riggs, president, accepted the award.

Due to many changes in fire insurance in the last few years, the fire and allied lines committee suffered no boredom, J. C. Schroeder, chairman, reported.

As for the new mercantile block policy, the committee believes it eventually will be on the market as a stabilizing influence in its field. At present, the rate structure has not been finalized because of the tremendous problems in class rating for this type of insurance. The committee feels its actual use will develop problems requiring revisions but will establish some uniformity and assure the ability to renew contracts as they expire.

Chaotic conditions existing at present make it difficult for any agent to guarantee renewal at existing rate levels and to renew the same coverage now being offered, the committee said.

As for the new multiple location building and equipment credit plan, the committee feels the industry is "running when it should be walking."

Discussing the headaches of the package policy field, the committee deplored the tendency of the industry to limit certain coverages which were broader in the basic contract from which the package policy was derived.

The committee also reported development of a plan to permit agents to use a revised installment premium plan as a working tool in their portfolio. The plan must be approved yet by various



Shown at NAIA headquarters during the NAIA convention in Los Angeles: Geoffrey Potter of NAIA headquarters staff, Miss Verial Cook, Los Angeles association, and George R. Cross and James R. Mathews of the NAIA headquarters staff.

ious committees in the industry before adoption.

President Paul Wolcott Jr. in his report of administration, congratulated the various committees for their efforts and praised the industry and administrations' efforts to secure renewal of California department of veterans affairs fire insurance program for another five-year period. Members of the veterans board had suggested switching coverage to two mutuals or that the state program be self-insured.

While the outcome is not yet known, association officials are confidently expecting to keep this program in the hands of California agency forces despite direct-writer or self-insurance competition. Involved is statewide coverage in excess of \$400 million in value and five-year-premiums of over \$1 million.

The administration report also assured the industry that it is well aware of repeated attempts to panic the agency business into the belief that there is too great a spread between its rates and those of Allstate, Safeco, Farmers, etc., "We are satisfied that there are many areas where expenses can be materially reduced without asking us to lose our status as independent business men. Such attempts to destroy our independence will continue to be opposed vigorously. We are not going to lose it," Mr. Wolcott said.

### New Safe Gets F Rating

Mosler Safe Co. has brought out the first safe to bear the Underwriters Laboratories' approval for 30-minute torch resistance. The new money safe qualifies for the F classification on the money and securities broad form coverage and the F rate under the mercantile safe burglary policy. It is labeled TR-30 and contains a relocking device and drill and manipulation resistance.

Harold Bolling of Lake Charles, La., left, and Robert E. Battles of Los Angeles, right, talking with Milton W. Mays of America Fore at the NAIA Los Angeles meeting.



## NAIA To Pay \$2,500 for Slogan Describing the Local Agent

LOS ANGELES—The National Board of State Directors of National Assn. of Insurance agents approved a \$2,500 appropriation as a prize for a name or slogan which would best describe the independent insurance agent. The national association Tuesday afternoon received a telegram from National Assn. of Casualty and Surety Agents, in which the casualty agents offered to participate financially in a unified advertising program to explain the need and services of the independent insurance agent.

### Negligent Worker Is Ruled Eligible for WC

Employees injured on the job should receive workmen's compensation even if they are negligent and foolhardy, New Jersey supreme court has ruled in the case of a Trenton garage employee.

The worker had been told to change his clothes as they had become soaked with gasoline while he was filling a tank. Asserting that he was not afraid, he struck a match to his clothes and suffered severe burns.

### Donate to Driver Training

El Paso Assn. of Insurance Agents has donated \$25 to the school system for driver education.

Glatz agency of Jamestown, N. Y., is building a new log cabin office that will feature a drive-in window and parking space for seven cars. Albert W. Glatz, in the business for 42 years, heads the firm, whose staff includes his two sons, C. William and John A.



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## Agents Told to Put Less Emphasis on Needs, Begin Creating Desires to Get Business

Although the number of potential clients will increase by 35 million in the next 20 years and a larger percentage of family units are climbing into the middle income group, which has the greatest need of the services of a local agent, "some drastic changes must be made in our present method of doing business" before these statistics can be converted into purchasers, A. N. Bushnell Jr., president of Insurance Assn. of Los Angeles, said at the annual meeting of National Assn. of Insurance Agents.

Mr. Bushnell, who spoke at a work

session devoted to the role of insurance in the changing American market, said people no longer buy what they need, but what they want. "So it's time we stopped putting emphasis on needs and began creating desires."

An association committee has started compiling information on agency advertising methods and costs, but even if this committee comes up with an ideal program it is only half the battle. The other half must be solved by the insurance companies. Mr. Bushnell said he certainly wasn't the first, nor would he be the last, to suggest a company-

sponsored research program in advertising methods.

At present the national association and National Assn. of Insurance Brokers are the only insurance producer organizations nationwide in membership and nationwide in thinking. He said he realizes that the management of many companies may feel that a program is a bold idea, "but I say to them in all seriousness, the agents are bearing their share of the advertising load. We want help—not a handout."

"If we are to realize the opportunities of the next 20 years, the agency system companies and their producers must create in the minds of the public a desire to buy their insurance only from a well educated, efficient and sincere local agent." He would prefer to use another name, something more closely identified with the agent's real worth to the public.

Some say agents should be called insurance counselors, others insurance producers, and there are many more. Those in the bargain counter insurance business have agents, so do almost all direct writers—not to speak of ticket agents and theatrical agents. He advocated a new national brand name—sold and publicized by all companies and producers, so that when a member of the public buys from the agent he knows he is getting the ultimate in integrity, competence and service.

The next step to secure a fair share of these limitless opportunities is obvious. If agents are successful in making their products and services known they must be prepared to render all of the services they advertise—and more. To do so means to educate and re-educate themselves constantly and persistently, to take advantage of all courses offered by the association's education committee and to attend advanced agency management courses.

Progress is change and progress is the multitude of forms, policies and rating methods in use today, he said. He is sure agents sometimes wish they could go back to the good old days when everything was orderly and serene. But they can't.

All new insurance forms and ideas are created by public demand. Society is more complex. New methods of manufacture, new techniques, new foods, new living standards all demand broader and more comprehensive insurance treatment.

The policy peddler and the paid representatives of companies writing limited forms will be "hard pressed in this wonderful future to compete with our active members who have kept step with all new insurance developments."

"But," Mr. Bushnell said, "educating ourselves is not enough. Billions of dollars in business has gone to our bargain counter competitors because we have been unable to reach all members of this new and expanding population with the message of the worth of our service beyond the mere delivery of a policy. I've repeatedly heard the statement that the tremendous increase was business we couldn't have secured anyway—it was price buying. I simply don't believe it, any more than I believe there are too many insurance agents. Too many order takers and policy peddlers yes—but not too many competent, independent insurance agents. We must attract new and virile blood to the sale and production end of our business."

For many years the high schools in his area have conducted vocational guidance days twice a year when stu-

dents are invited to request speakers on vocations in which they are interested. After several years of not being invited, Mr. Bushnell said he called the principal and let it be known he was somewhat hurt. When he finished his tale of woe, the principal said, "Why Bill, none of the students seems interested in insurance." So there's another selling job to be done, he asserted.

To him no facet of the insurance business is more exciting than selling—the satisfaction, not only of earning a reasonable living, but also of administering to the insurance needs of friends and business associates. This of necessity requires personal contact and close attention to detail. There are only so many hours in each business day and suddenly these are gone—with still a large backlog of unmade calls. Automation and the transfer of some responsibilities to the companies will never make these calls, but a new young man or woman in an agent's office will.

Local associations of insurance producers can offer the logical start in this educational program. They should offer their services to both high schools and colleges as instructors on insurance subjects and as counselors to inform the students of the many opportunities in the insurance business. Then, as the program progresses, both company and producer organizations should assist in the establishment of graduate schools of insurance in the many colleges which now do not have them. These graduate schools would provide the business not only with top-notch personnel but also the instrument for continued high level research in advertising, marketing and internal operations.

Mr. Bushnell said if these things are done by the end of the next 20 years, insurance will be recognized by the general public as the true profession that it is.

Stating his opinion of the future, he said agents will have attained professional status in the eye of the public, developed enough competent people to handle all the new business available and the insurance counselor will have done a number of things to eliminate needless operations and expense.

First, he has found that being a recording agent is not as complicated or expensive as he had supposed. Having a policy writing department has eliminated hundreds of errors, rewrites and delays. Collections automatically improved because the sooner a policy is delivered the sooner it is paid for, and this ability to deliver a policy immediately to the client without having to order it from the company office firmly establishes in the purchaser's mind the professional status of the producer.

He has revised his credit policies, realizing that credit is a privilege, not an obligation, and because a large percentage of his clients pay promptly and there are practically no flat cancellations, he has negotiated a trade discount agreement with all his companies. Most manufacturers have used such a discount for years. Why not the insurance business?

The agreement states that all accounts will be paid by the 15th of the month following inception date and all audits will be paid by the 15th of the month following billing. There will be no flat cancellations and, on cancellations for non-payment of pre-

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mium, a minimum of \$5 will be paid the company.

In return, the company will allow a 3% cash discount from the net balance due on the monthly account. This extra 3%, which is in effect a reward for conducting an orderly business, provides the agent with additional funds to improve his advertising efforts.

He has adapted to his uses all of the new and most modern office machinery and conducted an analysis of his office operations so that all possible detail work could be eliminated or substantially reduced.

On policies subject to audit, he has selected all those with a premium of between \$100 and \$1,000 on which there is a relatively stable annual payroll and, where because of premium requirements they formerly required quarterly audits, these have now all been placed on an annual audit basis by the simple expediency of attaching an installment premium endorsement, charging the first quarter of the estimated annual premium at inception date, and automatically billing 25% of the estimated annual audit each three months. He has established within his office a competent claims department and has secured authority from his companies to settle all first party claims up to \$250. The claims department also handles many small property damage claims and has the authority to take releases and issue drafts. He has taken advantage of all the package policies available to consolidate his client's insurance coverages and, where he thought a new type of package was required, he went to his companies and convinced them that it should be made available. He has made installment payment of premiums available to his customers that need it. Not by selling policies on a three or six-month basis, but by arranging credit through company-owned insurance finance concerns or through local banks in his neighborhood.

Mr. Bushnell said all of these things the agent has done because he sincerely felt it was the best way in which he could serve his clients and his community. Being independent became more than just a word. It felt good. He was running a community business efficiently and at far less cost than he had before. Consequently, he felt no need to represent insurers which offered to take this work load, which was justly his, off his hands, for a slight fee, of course.

The policy he delivered became the standard of the profession. Those of the policy peddler and department store operation, substandard—and recognized as such.

But the independent agent didn't accomplish all these things by himself. Backing him to the limit were those many insurance companies the agents call close friends—those companies that actively support the agency system.

They too made many changes in their operation so that expenses could be reduced and a better product offered to the public at less cost. They eliminated all field force service which duplicated the services of the competent local agent. They eliminated many unnecessary endorsements. They consolidated all their rate making organizations, and while doing so made available to them the latest and most modern of electronic equipment so that rates and classifications could more realistically be arrived at. Rating and other statistical data was made available to the companies bi-monthly by

use of the new electronic wonders. Rates were then adjusted annually and could always be considered current. Insurance applications were standardized and simplified. All non-pertinent data had been dropped. The costly item of expiration notices had been done away with and the ordering of credit reports was almost unheard of. The companies revised and simplified all rating manuals and adopted uniform effective date rules.

All of these changes, together with those just referred to that the agent himself had made in his own operat-

ions, resulted in substantial savings to the companies and a corresponding reduction in insurance costs to the ultimate consumer. This quite naturally resulted in a percentage commission reduction to the agent. The policyholder's cost had been reduced and so was the commission income.

But this was a commission reduction which was smilingly accepted by the local agent, because by the modernization of his methods, the simplification of policy forms and combining of many policies into single packages, he had been able to reduce his general over-

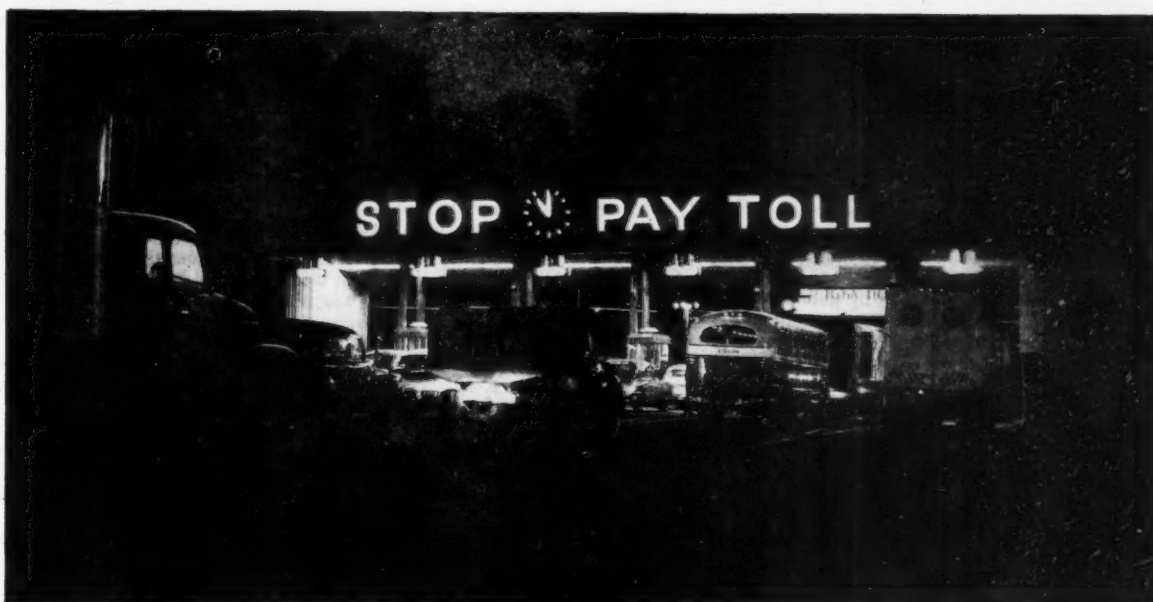
head and could accept this reduction in commission income and still provide agency system service and also have many extra hours of selling time each week.

Mr. Bushnell interjected that "before any agent or company man listening rises up in righteous indignation, just remember I have been looking into the crystal ball and even Nostradamus wasn't always right."

He added that to him the future holds absolutely no fear if during the next 20 years even a few of the things he spoke of became realities.

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## Underwriters Are Concerned Over Rising Loss Ratios on Coverages for Churches

With steadily worsening loss ratios under both fire and liability insurance, underwriters have been growing more and more concerned by church business for several years. It would be hard to say which of the two coverages have produced the most dollar losses for insurers.

While both falls and fires are, to an extent, acts of God, abnormally poor loss ratios in this field, as in any other, stem from failures of a human sort. While churches are not particularly unsafe places, the upward thrust of losses under liability insurance for houses of worship comes from increased attendance and activities, the difficulty of defending claims against institutions of this kind, and the willingness of parishioners to make claims, which may not be as surprising as it seems, since the church traditionally is a prime source of solace and charity.

As to fire losses, the blame is more precisely assessable against the churches and those who are responsible for handling their temporal affairs. In addition to the fact that churches are badly underinsured, which certainly doesn't help the loss ratio, construction and maintenance of church structures are poor compared with almost any other type of building. Too much church money goes into appearance, too little into sound, safe construction and maintenance. Too, there are more churches today than there were 10 years ago, and they are worth more dollars.

The problems generated by poor fire experience, underinsurance and the like in this field led Eastern Underwriters Assn. in 1949 to prepare "Notes on Church Insurance for Clergy and Lay Trustees," which is a discussion of insurance needs and safety suggestions. This was taken over for distribution by National Board, which presently is in the process of revising it.

Burglary losses of churches also have increased in recent years, to such an extent that the business is planning, for the first time, to keep track of church theft experience as a separate class, so that appropriate rate revisions can be made.

The liability insurance experience of churches has been getting steadily worse for several years. National Bureau figures show that the basic limits loss ratio in 1948 was 41.6; in 1949, 49.8; in 1950, 56.4; in 1951, 63, and in 1952, 71.3.

Underwriters and claim men agree there are several reasons for the recent unfavorable trend. The most important is the fact that the liability claims are handled on a sympathy basis rather than on the legal liability involved.

Claim frequency is higher as a direct result of an increased church attendance, which has been noticeable since the second world war.

Another major factor in church liability experience is the tremendous increase in the number of social events occurring in the church today. The church calendar showing events for the coming week clearly indicates that the church is becoming more and more the center of the congregation's social activity.

Finally, in recent years the so called immunity of religious organizations has been narrowed considerably in many states and in some it is non-existent. Even in states with immunity laws,

courts today are holding that immunity is no defense to the insurer.

It is the experience of one company that writes a considerable amount of church liability coverage that almost without exception a parishioner or member of the public has no compunction against pressing and litigating claims involving a church. Several years ago, for example, a parishioner of a Catholic church insured by this company recovered \$25,000 as a result of injuries sustained in tripping on a step immediately adjacent to the communion rail. The jury determined the step represented a hazardous condition despite the fact it was not of unusual construction, and completely overlooked the fact the situation was open and obvious and that plaintiff, a regular communicant, was familiar with it.

Immunity to suit in some jurisdictions may take care of churches but in other jurisdictions it may not. In any event there is a possibility of the trustees themselves being sued, and when a liability policy is issued to a church one insurer advocates adding to the policy the board members who are responsible for the business operations of the church. They are giving their time and money, and there is no reason why they should be open to the possibility of suit, and they might be without this protection.

This company also strongly advocates medical payments coverage in connection with the public liability, as it finds that injuries to members of a congregation are difficult to handle when the contract is purely liability. A reasonable medical payments rider represents money well spent.

One form of coverage that is almost entirely overlooked by churches is non-ownership automobile liability insurance. Many churches at one time or another use donated automobiles for various purposes such as canvassing for funds, boy scout activities, picnics, etc.

There are many cases of liability claims against churches paid by insurers. Some typical ones are set forth below.

A group of boys were playing football in a vacant lot owned by and adjacent to the church. One boy broke his leg and was told by the minister that the church's insurance would cover the expense. The father of the boy thought he had coverage under medical payments even though the medical payment endorsement specifically excludes coverage for accidents arising out of any athletic activity. Because of probable litigation and because of the furor created by the insurer's position in the matter, the medical claim was accepted for "business reasons."

A woman fell down the stairs in a church and broke her leg. After a year she decided to have plastic surgery and wanted the company to pay the medical expense, which would necessitate the waiving of the one year time limit. Pressure was brought by the broker and directors, who believed that "justice could be done only by the company waiving the one year limit."

An elderly lady attending a church social function fell and fractured her hip. The allegation was that the floor was unusually slippery because it had been waxed that morning. However, there was proof that the same wax had been used for years and the floor was

no more slippery than it always had been.

At the request of a nun, a 12 year old girl was lighting candles at the church altar when her dress caught fire and she sustained severe burns. The defense was the immunity of a religious organization. However, the defense attorney found that the judge did not feel that such a defense would apply because at the time of the accident the girl was performing a service for the church and could not be considered a beneficiary of it.

A person was struck by the outward swing of the rectory door. Action against the church was upheld by the courts on grounds that construction of the door was defective and action was not precluded because plaintiff was a parishioner.

An elderly parishioner fell off a kneeling platform and though there was no apparent negligence on the part of the church the parishioner was given a sizeable settlement.

A contractor who was placing flowers in the church slipped on the altar steps. He alleged the area was not properly lighted and the steps were of peculiar construction.

A claimant fell on ice outside of church and sustained a fractured shoulder.

Another claimant, attending a funeral, went across an icy curbing to enter a funeral car. Her foot slipped on an unsanded portion of the ice, she fell to the ground and twisted her left leg and ankle, fracturing the ankle bone.

A three year old child was severely burned about the legs when the church's janitor left a fire unattended. He had raked leaves, deposited them in a driveway on the premises abutting the rear alley, and set them afire. The insurer considered fortunate to settle the case for \$2,790.

A 68 year old woman was helping prepare for the "coffee hour" to be held following the 11 o'clock service and tripped over a row of bricks used as a marker to outline the walkway. Grass was so tall it obscured the bricks. The resultant fractured left femur cost the insurer \$4,954.

A 10 year old girl attended the parochial school which was part of the church grounds. In descending the vertical pipe of a "Jungle Gym" (a trap-peze affair) a ring on her right third

finger caught on an extended bolt causing a traumatic amputation of the distal joint. All sorts of complications set in and it cost the insurer \$5,850 to dispose of the claim.

A 64 year old woman fell when, at the conclusion of the service, she slipped on a highly polished floor. Friction tests disclosed it to be unsafe. As a result of the fracture to the wrist and the trauma to the back and lower left leg her ultimate disability amounted to a functional loss of 75% of the hand, 20% to the leg, and 15% of the back. The claim cost \$9,670.

A 60 year old man fell through an open trap door in the anteroom abutting the auditorium of the parish house. Medical expense and salary loss amounted to \$4,522, but because of certain liability and medical facets of the case the insurer settled for \$3,500.

An 88 year old woman was propelled down a flight of steps to the basement of the church when the checking mechanism of the door adjacent to the stairway permitted the door to close rather abruptly. The resultant injuries cost the insurer \$3,459.

A 71 year old woman had volunteered her services in the kitchen of the rectory where meals were prepared for a fund raising affair. She tripped over a substantial tear in the rug while in the room next to the kitchen. The fractured hip which she sustained cost \$3,435.

A 62 year old woman fell on the front steps of the church after attending services, sustaining a fractured hip. The steps had a handrail and the rise was uneven, as were the leading edges. The case cost \$3,075.

A 66 year old woman slipped on the church's private walk on which snow and ice had accumulated. The fractured hip cost the insurer \$3,500.

A 60 year old woman was thrown down an outside stairway after attending services, when a warped board used as a covering for the concrete step wobbled. Why these boards were ever used is a mystery since there was an overhead structure protecting the stairway from the elements.

The premium volume of church theft insurance never has been considered sufficient to code the experience separately. However, one company was so concerned over its own worsening church theft insurance experience that



Among those aboard the special New York state association car enroute to the NAIA convention in Los Angeles: back row, Mrs. Herbert Brewer of Lockport; Mrs. Craig Thorne of Hudson; Patricia Mayer, daughter of John G. Mayer, executive secretary of the association, and Mrs. Mayer; front row, Candy Brewer, Peggy Mayer and Susan Thorne.



it made a careful analysis of theft business for 1954. The company found that 40% of its total losses involved money, 36% involved church property other than money, and 24% was for property damage either to the building or its contents.

Thefts of property involved quite a variety of objects. For example, items stolen from churches and paid for by this insurer included motion picture projectors, loud speaker amplifiers, sewing machines, typewriters, adding machines, power mowers, floor polishers, religious articles with intrinsic value, safes, duplicating machines, electric fans, clocks, boy scout equipment, choir robes, money in safes, unattended collections (stolen before end of church service), and money taken by armed robbers on church premises.

In Brooklyn not long ago almost \$1 million worth of jewels were stolen from the crown of a statue. Fortunately, the jewels were recovered.

Because of the concern of insurers over rising theft losses, the National Bureau burglary rating committee has agreed to establish a separate code for churches so that in a few years underwriters will be able to determine the need for a revision in rates for this class.

Among reasons cited by burglary underwriters for a high frequency of theft losses in churches are that the responsibility for protecting church property may be in many hands and church money may be in several different places before it is finally deposited. All the normal arguments as to the necessity of private businesses carrying burglary insurance apply with equal if not greater force to churches.

Boiler and machinery underwriters say that when this form of insurance is carried by churches the limit of liability is very low despite the high values which are evident.

Fire insurance is, of course, almost universally carried by churches, but very few of them carry enough and many are woefully under-insured.

Serious underinsurance creates an economic problem because church fires, compared with fires in other properties, are more frequently serious and more often total. Underwriters strongly urge that the church financial committee or other responsible official always seriously consider not only compliance with coinsurance requirements but insurance to full value.

A study by National Fire Protection Assn. shows that the average church fire loss is considerably higher than that of most occupancies; in one 10 year period it was \$4,873, compared with an average dwelling fire loss in a similar period and in almost the same group of states of \$591. This study also reveals that on an average the building constitutes about 85% of the total loss. NFPA points out that in spite of effort and expense devoted to providing attractive and imposing appearances for church structures, with few exceptions little thought has been given to fire and safe construction. Fire chiefs invariably acknowledge that church fires are among the most difficult with which they have to contend and that the chances for successful control are most unfavorable. Few are equipped with automatic sprinklers, though where they have been installed their efficiency is remarkably high in controlling fires.

Underwriters also stress the need of reliable insurance appraisal. This may

come from a local contractor who understands construction and is familiar with values in the locality, or from an appraisal firm. Then, with building costs still on the increase nationwide, continued effort is necessary to keep these amounts adequate and in accordance with the provisions of the coinsurance clause. These costs have increased nationwide in 1955 for all types of construction approximately as follows: Since 1932, 218%, since 1935, 171%, since 1940, 152%, since 1945, 88%, and since 1950, 18%.

Another weakness found in a study of the history of church fires is the lack of a consciousness of adequate fire prevention. Among the administrative functions of a church governing body, those of fire prevention are as important to the community as the obtaining of adequate insurance, important as this may be.

A generous supply of fire extinguishers should be maintained, particularly in the more hazardous areas such as the kitchen and boiler room. The next step in fire prevention would be installation of an automatic fire alarm system connected to fire department headquarters and covering the kitchen, boiler room, closets and blind attic spaces. Certainly every church with a steeple should be equipped with lightning rods. The installation of an automatic fire alarm system would result in the early detection of fires and give the fire department a chance before it is too late.

In addition to the usual hazards such as careless smoking, combustible decorations, especially at Christmas and other church feast days, unsafe use of candles in religious exercises, improper use of cleansing materials, etc., churches are subject to some very important additional hazards peculiar to themselves and common to many churches.

1. Church construction: Concealed individual roof areas, particularly between auditorium ceiling and roof, high steeples, and non-firestopped combustible interior finish make the fire inaccessible to fire fighters and frequently furnish draft conditions resulting in the rapid spread of fire.

2. Heating defects such as overheated or defective furnaces, chimneys or smokepipes are the principal cause of fires. Frequently these heating units are forced to heat large areas in a short time, therefore, proper installation is most important. A cut-off furnace room is desirable.

3. Another main cause of church fires is defective electrical wiring. Amateur wiring installations are common in churches to accommodate various occupancies, and substandard or deteriorated wiring or overloaded circuits frequently result.

4. An unusually high percentage of church fires (as opposed to most other occupancy classes) are caused by lightning. Approximately 10% of all church fires are attributed to lightning, which is listed as the third main cause of fires in churches. A study of causes reveals that in many cases lightning protection systems are substandard, and there is evidence of poor maintenance of some systems. The church building, with its high steeple, if not protected by lightning rods, is particularly susceptible to lightning strikes. When lightning strikes and fire ensues, the fire may be high in the steeple, a spot inaccessible to the fire department.

5. Incendiary fires in churches are not unusual, and many are set by re-

ligious cranks. Since most churches are accessible at all times, they are vulnerable to this kind of attack.

Noteworthy, too, and deserving of the study of an interested fire prevention committee, is the fact that frequently lack of funds for church construction and repair leads to the use of amateur labor in the performance of many tasks and installations, which makes for unsafe conditions that may prove conducive to the starting or quick spread of fire.

In addition to these and other special hazards inherent in churches is the fact that almost all churches are unattended and unlocked a substantial portion of the time, leaving them open to the general public. More often than not when a fire starts the church is unoccupied, which leaves detection of a fire to the casual passerby. Naturally, such a fire has often reached proportions of such intensity before detected that a more complete loss has resulted.

Recent experience has shown that extended coverage is a necessity. Disasters like the hurricanes and tornadoes of recent years have shown that some high-valued church properties were not protected by EC. Churches today need coverage of damage from windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles and smoke.

Vandalism and malicious mischief, to which churches are so often prey, may also be written as an endorsement to the EC, though seldom is it included.

Certain church properties also qualify for marine type coverage; e.g. valuable stained glass windows may be insured separately from the building by a marine fine arts policy. This type of insurance is all risk, with minor exclusions. In addition, paintings, etchings, pictures, tapestries and other bonafide works of art, such as valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass and bric-a-brac, either of rarity, historical value or artistic merit may be insured under a fine arts policy, affording this type of all risk coverage to those important items. Fine arts insurance should be considered by churches.

There are other types of losses which can occur in addition to actual damage to church property. For example, building or zoning laws may require sections of a partially destroyed building to be removed. This can be covered by demolition insurance.

A leasehold interest may be lost, resulting in financial loss if a lease for the same type of property would be costlier. This can be covered by leasehold interest insurance.

Six of the larger church fires of 1954, with a combined loss of more than \$2.5 million, provide interesting examples of fires caused by non-adherence to fire safety standards. In all six instances the fire was detected by outsiders. Four occurred at night and two in the daytime when no one was in the building, thus allowing fire to get a head start before it could be attacked.

Poor structural conditions hampered fire fighting quite definitely in three of the six cases.

Chronological arrangement of the fires points up the continuing trend of church fire losses with little apparent improvement as 1954 progressed.

In January at Omaha the First Methodist Church burned with a loss of \$444,000. Origin was in the non cut-off boiler room, but arson is suspected. At Huntsville, Tex., the First Baptist

## Group Agents Form National Organization

CINCINNATI—A new national organization was formed in Cincinnati by agents who specialize in the association type of group disability. Companies writing this specialized form of insurance have been asked to submit names of recommended agents. Officers of American Society of Association Insurance Agents are W. A. Rudd, W. A. Rudd, Inc., Cincinnati, president; Harrison Henry, TerBush & Powell, New York City, vice president; W. T. Rowland, Jr., Bertholan-Rowland, Inc., New York City, secretary-treasurer.

During the meeting, a constitution and by-laws were drawn up and directors elected who elected the officers. They will serve until the next annual meeting in Chicago, Oct. 3, 1956. An interim meeting has been called for Feb. 17-21, 1956, at Palm Beach, Fla., when the initial membership roster is expected to be completed. Charles Carlisle, TerBush & Powell, Schenectady, N. Y., is admissions committee chairman. Mr. Rowland and Lowell Weaver, Akron, O., complete the membership of this committee.

Directors, other than officers, are: A. C. Bertholan, Bertholan-Rowland, Inc., Philadelphia; William B. Griffin, Lexington, Ky.; William Lutz, Rupert & Lutz, Rochester, N. Y.; Charles Sellers, Jr., Buffalo, N. Y., and Messrs. Weaver and Carlisle.

A statement issued following the formation of the new group said, "It is hoped that in the very near future its existence will play a major role in the future of association group disability insurance as well as in its newly forming offspring, association group life, hospitalization and major catastrophe plans."

Church burned with a loss of \$300,000. Cause was faulty wiring with presence of non fire-stop wall.

In August at Toronto, the United Church burned with loss of \$250,000. The fire originated in the auditorium and was beyond control before being noticed by a passerby at 6:51 a.m.

In September at Youngstown, O., the Roman Catholic Cathedral burned with loss of \$986,000. Lightning struck the spire; the lightning protection system was substandard and was poorly maintained.

In November at Waco, Tex., the Methodist Church burned with loss of \$400,000. The fire originated in a store-room with unprotected doorways between the auditorium, where fire did damage, and adjoining classrooms.

Unfortunately, this loss trend continues into 1955 as shown by the figures published by the National Automatic Sprinkler & Fire Control Assn. For February, 1955, alone, the estimate on total damage in 20 fires was \$2,097,000.

Unquestionably many of these losses were seriously underinsured.

Fire underwriters point out that one cause of failure of churches to insure to full value is the lack of understanding by laymen who are charged with the responsibility of placing the church insurance. Furthermore, it is difficult to place a value on a church, for as a building it is of no use unless another congregation wants it, and the usual standards that might be applied to a commercial building are rather difficult to apply.

## NAIA Committees Report on Year's Work

(CONTINUED FROM PAGE 33)

local boards and state association accident prevention committees have been doing good jobs on this activity. The committee recommended that during the coming year this slogan be adopted and members concentrate their efforts on the difficult but important task of saving the lives of the citizens of tomorrow.

The report touched on other projects, including the "Slow Down and Live" program, the latest revision of Assn. of Casualty & Surety Companies' "Safety Is Good Business," S-D Day, etc.

### METROPOLITAN AGENTS

Victor O. Schinnerer of Washington, D. C., chairman of the metropolitan and large lines agents committee, reported that questionnaires on the installment plan were distributed to more than 100 agents a year ago. The 15 replies indicate that the operation of the installment plan is being well handled. But the committee concludes from the lack of response that the matter is not of national interest at this time.

Lack of specific problems during the year does not mean that metropolitan and large lines agents do not need a clearing house for matters peculiar to their operations, and the report recommended continuation of the committee.

### RURAL AGENTS

The rural and small lines agents committee, headed by Kenneth A.

Young of Blue Earth, Minn., conducted a survey of 52 associations, of which 49 replied. Of those replying 21 indicated they had rural and small lines committees. Other associations name such committees when special problems arise.

Mr. Young's committee then got in touch with all 21 committee chairmen to let them know the NAIA committee wanted to help. The committee also solicited a report of the activities, to help build a central storehouse of successful ideas and answers for NAIA to use for the benefit of other like committees, and solicited the presentation of problems with which the NAIA group could help.

### PROPERTY INSURANCE

The property insurance committee headed by H. Earl Munz of Paterson, N.J., met with the executive committee of Inter-Regional Insurance Conference in July, and feels this conference should be continued as an annual function to discuss matters of mutual interest.

Many agents have found it difficult to sell business interruption insurance, chiefly because of the complex forms, technical work sheets and the necessity of analyzing balance sheets, the Munz report continued. The companies created the "earnings" form to provide a more easily understood contract for the small business man. Insured would be compensated for loss of business income without furnishing or keeping such records as were previously necessary. Unfortunately this "earnings" form proved unsatisfactory.

During the meeting with Inter-Regional the agents' committee strongly recommended that an all purpose simplified U&O form and work sheet

be created. The committee is presently studying the feasibility of having either a single form for both manufacturing and non-manufacturing risks or one form for each type of risk. The aim here is to provide forms and work sheets more readily understood and that will result in realistic settlement of losses. It is not the intention of the committee to create additional forms but to simplify existing forms.

The subject will be studied by the time element committee of Inter-Regional and a report made at the next meeting with NAIA representatives.

The committee wants reporting forms made eligible for the same term treatment accorded other insurance on contents. The natural tendency of the agent is to reduce limits on reporting forms and provide most of the coverage on a specific basis because of the difference in term treatment. The extension of the term privileges to reporting forms using a 2.7 factor has not and will not solve this problem, according to Mr. Munz. The agent must of necessity continue to write much of the coverage specifically because of the difference in term factors.

Since many new homes are being constructed with improved wood shingles, the committee thinks fire rates should be the same for both approved and wood shingle roofs. Inter-Regional companies are compiling statistics on the different types of roof and will report at the next meeting with NAIA.

Agents must issue a "removal clause" when household contents are moved to a new location. The committee has recommended that this be unnecessary when household contents are moved to a new location within the same state. Inter-Regional will study this.

Damage caused by "sonic boom" when aircraft break the sound barrier has been interpreted as not covered under the explosion peril of extended coverage. This damage has been interpreted as damage caused by concussion. The committee recommended that Inter-Regional study the feasibility of providing coverage for damage caused by concussion, as an additional peril.

The committee has presented a proposal to amend the personal property floater to provide coverage for \$1,000 unscheduled property as presently provided under the fire contract.

Introduction of other dwelling forms would be harmful to the agency system, the report declares and recommends that the companies improve the forms now available in order to provide the agent with a better product without introducing new policies or forms.

In the future the property committee will get up a questionnaire to be sent to the NAIA members, to secure the views of the agents on matters that come within committee jurisdiction.

### BONDING

Blanket bonding of federal government employees becomes effective Jan. 1, J. Kenneth Cormack of Providence, chairman of the fidelity and surety committee, pointed out in his report. The committee became concerned over the role the agency system would play in this program. Providing suitable blanket bonds through qualified surety companies is the business of the agent and there should be no direct solicitation by agency surety companies, the report asserts.

Many conferences on this have been held with members of Congress and others by representatives of the in-

surance business including Assn. of Casualty & Surety Companies.

There appears to be grave concern as to the size of the "package" that will be required by certain governmental agencies. As a result, the entire matter was in a state of flux as the report was written, and a high degree of confusion exists as to the ultimate decisions.

The surety committee of the casualty association obviously needs support in its efforts to produce a proper and workable plan for blanket bonding of government employees. It appears quite necessary that NAIA join forces with surety spokesmen to achieve a sensible program.

Though the proposed abbreviated bond manual was officially laid in the lap of Surety Assn. in 1954, there has been no concrete expression of that bureau's intentions. The latter has not been able to give the matter the consideration it requires, which, the committee reported, is disappointing to agents.

### EDUCATION

Ernest F. Young of Charlotte, N.C., chairman of the educational committee, reported that the decision to establish an educational award program was the most significant event of the year. The \$1,000 award program runs from June 1, 1955 to Sept. 1, 1956 and will be confined to the activities of local board membership using the standard course.

The need for the introductory course for new agency personnel has been conclusively proved, the report also noted. Though the number of enrollments has somewhat declined, many new discussion groups have been formed using this beginners' course. The cumulative number of enrollments is 2,068. The same figure for the standard course is 4,141.

An increasing number of states are sponsoring short course campus schools. These have a cumulative enrollment of 903.

The committee has adopted a loose-leaf method of printing textbooks to keep up with constant changes. A new textbook on farm coverages has been written.

The committee is continuing to study the feasibility of having a textbook on salesmanship. This subject was presented at the North Carolina short course school this year and as a result the committee hopes to have a book available in the near future.

The New York insurance department approved use of NAIA courses to prepare prospective agents under the new agents qualification laws in that state.

## Conn. Wins Sparlin and Bowen Awards

The Connecticut association won both the Sparlin cup and the Bowen public relations award and were appropriately honored at the NAIA convention in Los Angeles.

There was no Woodworth memorial award this year.

Florida won the highway safety award for state associations, and the following local associations won awards in that classification: Grand Ledge, Mich.; Columbia City, Ind.; Winter Park, Fla.; Hobart, Okla.; Orlando, Fla.; and Fresno, Cal. Marland K. Strasser of Assn. of Casualty & Surety Companies made the presentations, which are a part of the safety is good business program conducted jointly by the casualty association and NAIA.

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## Sales Expert Sees 1955 as Best Year—with Real Effort

Despite conflicting, contradictory and negative predictions about the immediate future of American business, there are many favorable factors that offer unprecedented opportunity in 1955 for those who will keep their eye on the target and shoot the works in better salesmanship. Gene Flack, sales counsel and director of advertising for Sunshine Biscuits, New York City, told the annual convention of National Assn. of Insurance Agents in Los Angeles.

Among those favorable factors Mr. Flack cited record employment of more than 65 million; spendable, disposable income, after taxes, of \$13 billion more than a year ago because of tax reductions, increased dividends and other factors; and liquid assets of citizens of more than \$210 billion, almost five times 1940. Also, sales in food, construction, automobile, and retail, output of electric power, advertising billings, and furniture orders all exceed a year ago.

## Sheldon Reports on Chamber Activities

Because of the years National Assn. of Insurance Agents has been a member of U.S. Chamber of Commerce, agents have sort of an equity interest in it. Walter M. Sheldon of Chicago told National Board of State Directors in his report as NAIA representative on the chamber's insurance committee. Objective of insurance committee of the chamber, he said, is not to seek solutions to peculiar insurance problems but to deal with the issues basic to the maintenance of the private competitive system.

However, problems in the insurance sphere are handled. For example, directors of the chamber recommended opposition to a compulsory non-occupational disability benefits in District of Columbia. The chamber has noted the tendency to consider workmen's compensation insurance as an element of income insurance and the tendency of labor unions and others to encourage a centralization of the problem, either through federal legislation or the introduction of national standards.

On the work program of the insurance committee, he said, are the following objectives:

To assist the insurance business to participate with others in the chamber's program to conserve the free market system under which private insurance operates and upon which it depends for its existence.

To promote development of insurance coverages and services demanded by the buyer and to resist government assumption of insurable risks.

To support sound public regulation of insurance under state jurisdiction.

To foster favorable conditions for U.S. insurers in foreign countries.

To encourage conservation of life, health and property through effective safety programs.

He said that several insurance associations have developed national affairs committees as suggested by the U.S. chamber, namely, National Assn. of Mutual Insurance Companies, National Assn. of Independent Insurers, National Assn. of Mutual Insurance Agents, and American Mutual Alliance.

On the agenda of the insurance committee also are health insurance; union welfare funds; foreign government

owned insurers; discrimination in marine insurance, and support for the get-the-government-out-of-business movement.

A special subcommittee on which Mr. Sheldon serves was appointed to study the latter subject and make recommendations to the full committee.

He said he believes that individual agents must interest themselves more than in the past in governmental affairs at the national level if they expect to maintain private insurance and the private competitive system.

## Neumann Report Voices Optimism

President Joseph A. Neumann of Jamaica, N. Y., told National Assn. of Insurance Agents in Los Angeles that besides a record membership of 32,133, finances show 100% of allocations paid, expenses are well within budget and a respectable reserve has been set aside for emergencies. The association has grown in stature and is acquiring muscles, he declared.

With strength, however, comes the

responsibility to use that strength judiciously. That NAIA does, he said, even when cautioning those who would fast-talk agents into selling their birthright. NAIA's quiet, peaceful approach to problems is no sign of weakness or indecision, he asserted. The principles upon which the agency system is founded, are as basic, as deep rooted, as America itself. These principles would be meaningless except for agents themselves.

"Dependability," he said, is the word that most aptly characterizes the agent.

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## Inglis Sees Fine Future for Business and Agent

(CONTINUED FROM PAGE 31)

derwriter and to community. The independent agent is in a position superior to that of anyone else to perform those services best and most economically. He said he is certain that the best underwriting job can be done by the agent if he will properly prepare himself with the necessary training for risk selection and rating.

Policies can be written by machines and those machines can do the policy-writing very rapidly and very inexpensively. An insurance policy, however, is a legal document and its purpose is to serve a variety of needs. Accordingly, it can be written with a great deal more precision in the agent's office which is always so much closer to the risk than in a machine room of a company far removed.

There has been and continues to be controversy as to whether the credit and collection functions of insurance is not better managed directly by the company than by the individual agents. On the one hand, this function does respond to automation. On the other, a degree of flexibility in credit is not possible otherwise than by administration by the agent in his close contact with the buyer. Whatever be the alignment of functions, it is certain that this business and the public will be better served if there is a firm understanding as to who is going to do what and both agent and company police the arrangement agreed upon to see that the duties of each are performed and respected.

In company circles there is anxiety that the growth of the independent agency forces may not keep up with the increasing need for agency services, he said. There is a rather disturbing lack of recruitment and development of new agents. If that is the fact, there are a number of worrisome implications. If the independent agency system does not expand commensurate with the expanding need for those services, other means will be found to provide insurance.

If there are not enough independent agents and if those agents haven't the time or the personnel to cope with the increasing insurance requirements, some other marketing and servicing arrangement will result, he asserted. Once that occurs, it will change the insurance buying habits of many people. Once taken away from the American insurance system, it will be difficult to recapture that business for the kind of insurance which has served so well for so long. The problem of how this very real need for planned expansion of agency forces is a common one for the companies and their agents. Cooperative effort in the recruitment and development of independent agents is a certain requirement for the future welfare of agents and companies. It is rather difficult to generate enthusiasm for a program designed to create competitors. However, better this new competition be developed in a manner that will make it fairly close to parity with the agency system type of operation than to let it be created in a radically different form.

### Introduces New Policy in Tenn.

Southern Fire & Casualty has introduced to its Tennessee agents a propertyowner's comprehensive policy, which is a combination of homeowners B and C with automobile liability and physical damage included. The policy has been approved in Tennessee and Georgia.

## Ross Named President at Los Angeles Meeting

(CONTINUED FROM PAGE 27)

tinental Assurance, New York Life, Occidental Life and Prudential. Life companies are increasing their activity with fire and casualty agencies.

There was plenty of entertainment, including the presidential ball Tuesday evening and the Wednesday banquet. The Los Angeles Blue Goose was host at one luncheon to conventioners, with Milton Dunn, special agent of Gulf and MLG of the pond, and Robert McWilliams, attorney, handling the details.

## CTA Pays \$891,225 for 1950 Crash

Chicago Transit Authority this week completed paying \$891,225 for personal injury and property damage claims arising out of the collision of one of its street cars with a gasoline trailer-truck in May of 1950. The books will be closed after one more property damage claim is settled.

The accident is one of the worst in the city's history, causing 34 deaths and 37 personal injuries plus 78 property damage claims.

CTA was uninsured for this loss, although it carried with London Lloyds \$600,000 in excess of \$250,000 self-insurance on its elevated-subway system.

The total amount paid for personal injuries arising from the 1950 accident was \$477,076, and there was another \$4,625 paid to 10 persons who claimed injuries as occupants of nearby buildings that were damaged in the crash. For death claims, CTA made settlements totaling \$291,618, and the 78 at \$109,062.

In the explosion of the gasoline truck, five nearby buildings caught fire and were destroyed. The CTA listed an additional cost of \$8,874 for such items as medical expense and probate court costs.

The collision occurred when the street car struck an open switch and swerved in front of the oncoming truck.

This week the CTA tried out a new high-speed elevated-subway train on which it took special insurance precautions in the form of an accident policy in Lloyds providing over-all coverage for \$1 million for passengers on the test run with a limit of \$100,000 per person. The premium was \$550.

### Insurance Courses in Wash.

Under the sponsorship of Washington Assn. of Insurance Agents, insurance classes have been scheduled in Auburn and Yakima. An introductory class of 60 hours to meet on Tuesday evenings will commence in Auburn Nov. 1. Yakima introductory and standard classes, both 60 hour courses, are set to begin Oct. 17, sponsored by the Yakima association in cooperation with the Washington association and the state board of vocational education.

### Elect at Cedar Rapids

Ray T. Moore has been elected president of Cedar Rapids (Ia.) Assn. of Insurance Agents. Other officers named included Lee Wiltz, vice-president, and Walter Scherrebeck, secretary-treasurer.

### New Retail Credit Office

Retail Credit has opened an office at Lubbock, Tex., with James F. Nash as manager. He has been with the company for 13 years, most recently as assistant manager at Dallas.

## Idaho Department Tries Rebuilding Inland Empire

(CONTINUED FROM PAGE 1)

order to protect the interests of policyholders and creditors."

The district court at Boise granted Mr. O'Connell's petition for rehabilitation after the commissioner listed three reasons for the present situation of Inland Empire as:

1. Inland Empire reinsured Louisville F. & M. without the approval of the Idaho department.

2. Three dividends totaling \$5,000 each were paid by Inland when it had no surplus from profits or interest on investments.

3. Management of the company was so split that handling business was hazardous to policyholders and stockholders alike.

Mr. O'Connell was represented at the hearing by Edward Aschenbrenner, assistant attorney general of Idaho, and Claude Marcus. Mr. O'Connell testified he did not learn of the reinsurance agreement between Inland and Louisville F. & M. until after it was reached. At first, Mr. O'Connell said, he thought the arrangement was to benefit Louisville policyholders in Idaho. However, after a special examination of Inland in late August, he found the company had assumed "tremendous liabilities." Then there was a hearing on the proposed merger of Inland and Trans-Pacific, which "led us to believe something was wrong in the internal operation of Inland."

After the purchase of Inland by Trans-Pacific, Inland Empire's home office was moved from Salt Lake City to Phoenix "against the wishes of the insurance department," Mr. O'Connell said.

When agents got word of the difficulties, they began to cancel policies and hold up balances and the company is now at the point where drafts are not being honored and many suits are being filed.

Willis Sullivan, Boise attorney, representing H. C. Redlich, secretary, and W. D. Corbett, president of Inland, said the officers did not oppose rehabilitation.

The records of the company are spread between Salt Lake City and Phoenix, following removal of the documents from Phoenix by several officers of the company over the Labor Day weekend. This has made it impossible for the departments to complete their examination.

B. H. Albertson, chief examiner of the Idaho department, said at the hearing that Inland Empire has no earned surplus arising out of business from which it could have paid any dividends, and the \$500,000 in surplus currently shown was gained from sale of stock and contribution certificates. The company has had no operating income and has consistently reflected a loss, he added.

"Cancelled insurance is coming back to Salt Lake City by the basket full," Mr. Albertson told the court, remarking that since Labor Day he has been informed there has been a reshuffling of reinsurance.

Now that the Idaho department is in charge of the company, the main problem is to see whether there is a chance for rehabilitation. Additionally, there is the problem of determining exactly who are the officers and directors of Inland Empire. Since Inland Empire took over Louisville F. & M. at the beginning of 1955 there has been such

a turn-over of official personnel that there is more than one question as to who is what. A reduction in the number of directors as accomplished about 45 days ago may not have been in conformity with the by-laws, in which case there would be a question as to legality of some of Inland's dealings with Trans-Pacific. All of this has to be gone into minutely.

In fact, this could be carried all the way back to the reinsuring of Louisville F. & M., since that did not comply with Idaho law and technically was never legally consummated. However, it is understood the Idaho department is not going to start its protest from that point, taking the position that that much at least is water over the dam.

Mr. Albertson has gone to Salt Lake City to try to get things organized at the home office of Inland.

Probably no other insurer in the United States history has ever gotten into trouble with such discordant fanfare as Inland Empire. Right in the middle of a convention examination three of the company's officers took responsibility for removing the records from Phoenix to Salt Lake City. This disrupted the examination and caused panic in the agency force. Immediately, open letters began circulating, most of them addressed to various insurance commissioners and sent out by directors, officers, former officers, attorneys and anyone else who could be said to have a hand in the matter. Most of these communications were exciting reading, but they did less than nothing to clarify the situation.

## Fireman's Fund Joins in UM Cover Pending Okay of Its Program

Fireman's Fund has filed and secured approval for use of the new uninsured motorist endorsement recently approved in New York as a temporary measure pending approval of its filing of a program called innocent victim insurance.

It advised its New York agents that the UM endorsement has been designed to alleviate, to a degree, the problems created by uninsured motorists but is available only to insured car owners. The innocent victim insurance program, the company explained, which is now in use by Fireman's Fund on the Pacific coast includes a separate policy which may be purchased by non-car owners. A similar program filed by the company with the New York department about two months ago will, if and when approved, enable the company to offer similar protection to the 3 to 4 million persons in New York who do not own automobiles and therefore currently are not able to obtain this type of cover.

The temporary UM endorsement, the company explained, will be available at the regular charge of \$3 on new and renewal business.

### R. E. Shaw Manages Kan. Agency

Robert E. Shaw has become general manager of Lightner agency in Wichita, Kan. He has been a special agent for Royal-Liverpool at Minneapolis and a salesman for two years for Dulaney, Johnston & Priest agency, Wichita.

### Sheehy Transfers to Boston

Henry G. Sheehy, who has been vice-president of the Pacific coast department of Massachusetts Bonding, has been promoted to an executive post in the home office.





At NAIA convention in Los Angeles: Robert B. Maxwell of Texarkana, Carleton Fisher of Providence, Dave McKown of Oklahoma City, and Louie E. Woodbury of Wilmington, N. C.

## Insurers, Agents Face PR Problems Together

(CONTINUED FROM PAGE 27)

al advertising is 58% for local advertising and 42% for national advertising.

The survey indicates that one-third of the agents and local associations of this country would be willing to contribute an unspecified portion of their commission income to a nationwide PR and advertising program.

The survey further indicates that two-thirds of the agents and local boards want some symbol or seal adopted to set the independent local agent apart from the representatives of direct writers and cut-raters.

The answers to the questions, how many of agency members favor a producers' advisory council, showed 60% would favor such a council.

Mr. Stott said his committee believes that the appointment of the outstanding committee by American Insurance Assn. together with the information obtained as a result of the survey, places the NAIA committee in an ideal situation to begin discussion on specific programs that will lead to the results desired by companies and producers.

There has been a tremendous change in the past year in the approach that the companies have taken toward promotion of the independent local agent, Mr. Stott said. He urged agents to express their appreciation for company efforts.

Basically, any problem agents face in public relations and advertising is also a problem with their companies, Mr. Stott said. Among the problems the committee will have for discussion in the coming months are:

1. Should there be activated within the business, perhaps within American Insurance Assn., a division to act as a clearing house for advertising programs and public relations material? This organization would design programs of every type for use at the local level to suit the needs of the particular local agent or local board. It is believed that local agent or local association using this material should become responsible for the cost of using the material locally.

2. The committee has many suggestions for a nationwide service program aimed at indicating the superior services rendered by the independent local agent. One suggestion that stands out is reactivation of the automobile identification certificate which NAIA

designed in 1927. Perhaps this certificate should be made into an identification card available to all the insured member agencies.

3. At one conference with company leaders, many of them indicated their belief that a program should be sponsored that would bring more new blood into agency ranks. Many new arrivals in the business are being trained and subsidized by direct-writing companies. There seems at the present time to be a lack of continuity in many of the older established local agencies.

4. The NAIA committee during the past year has had many conferences with advertising agencies that have prepared, or are in the process of preparing, insurance advertising programs for newspapers, radio and TV. This information will be available for the joint thinking of the American Insurance Assn. committee and NAIA representatives.

## Premium Financing Has Many Advantages Over Deferred Pay

Use of deferred payment plans available through the fire and casualty companies is growing and is having injurious effects on agents and companies, David Gray of Afco told National Assn. of Insurance Agents' workshop in Los Angeles.

To the extent agents use these plans, they do at least five times the work formerly done without a corresponding increase in income, he declared. With the rising cost of clerical help, agents are trying to decrease the amount of such work done, not increase it, and have to spend too much of their time in the office rather than out producing new business. Also, deferred payment plans, which require agents to make collections, do not improve relations with insured.

An agent receiving a 25% commission collects only 75 cents (three-fourths of 1%) on a \$100 five-year term premium written on a 78% installment basis to handle four collections, or less than 19 cents for each collection, he noted. Thus the more business he converts from prepaid to installment, the less his profits.

A national premium budget organization, to which the entire industry can subscribe, enables insured to pay fire and casualty premiums in small and convenient payments, monthly, quarterly, semi-annually or annually. This benefits agents, insured, and insurers. It will finance all insured's fire and casualty premiums. It can develop standard practices nationwide and does not offer competitive advantages to any one agent.

Among advantages Afco offers the agent are sale of more adequate coverage because of easy payment, more time in the field to sell and to serve policyholders, acquisition of all of

insured's business because the program applies to all of his premiums, elimination of collection problems, getting full commission without delay, reduction in capital requirements by not carrying insured, and reduction of flat cancellations and free insurance.

## Neumann Presents Nine Local Agents with Citations

LOS ANGELES—Nine local agents were honored by President Joseph A. Neumann of National Assn. of Insurance Agents at its opening general session here.

Presidential citations were awarded by Mr. Neumann to the following individuals for bringing prestige and credit to the agency system during the past year through accomplishments in business, civic or personal activities:

David J. Brewer, Greenwood, Miss., state national director and a member of the NAIA casualty committee, and past president of the Mississippi association.

John L. Ebaugh Jr., Birmingham, Ala., vice-chairman NAIA property insurance committee.

Valmore H. Forceir, Danielson, president Connecticut association.

Howard N. Fullerton, Wichita, past president Kansas association and immediate past chairman of Midwest Territorial Conference committee.

Joseph Gelcher, San Diego, vice-chairman of the NAIA casualty committee.

Sidney E. Nelson, Racine, Wis., chairman NAIA accident prevention committee.

Charles J. Schoen, Mount Vernon, N. Y., member NAIA casualty committee.

J. Norvell Trice, Richmond, member NAIA educational committee.

Posthumous award: M. L. "Mud" Burg, Billings, Mont., member NAIA educational committee.

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## Munz Tells Local Agents of Fight for Survival

(CONTINUED FROM PAGE 31)

equipped with knowledge of the insurance business and a willingness to work. Yet, Mr. Munz observed, many of the gripes about competition come from those unequipped with these strengths. There is simply no excuse for ignorance today, he declared, and while he believes that most local agents have acquired a good working knowledge of the business and are willing to learn more, the lazy agent is another thing. Unless agents get out of their easy chairs and really work, at least occasionally, they had better find another job or prepare for retirement. For the next few years are going to reward the worker and penalize the drone. Local agents have had it too easy too long.

When the new dwelling forms were introduced, Mr. Munz did not like them, he said. He resented having to learn something new. He had heard no great public demand for them. He felt that perhaps something as simple as package could be sold in a vending machine. However, they came closer and closer

to home, and he finally tackled the job of understanding them.

His next step was to take current renewals in his office, check customer accounts and see whether or not it would be worthwhile to suggest one of the new package policies.

He was amazed. Almost every account he looked at was missing one or more of the required coverages. It might be burglary and theft or comprehensive personal liability. But in some cases Mr. Munz did not even have the fire insurance on the furniture, in others he did not have the dwelling.

He has been busy ever since, he declared, trying to catch up with the prospects developed by this effort. He can recall only one instance where he failed to complete the sale of a dwelling package and even then he wrote a CPL and increased the amount of fire insurance. He found a number of customers without CPL whom he could have sold before if he had tried. One customer had burglary and theft, CPL,

and fire, EC and additional EC on furniture—but no insurance on her \$20,000 dwelling.

In this process, Mr. Munz has called on customers he had not seen for years. He met and became acquainted with a host of new prospects all because he was knocked out of his lethargy by a new gadget to sell. It is going to be difficult for a direct writer of automobile insurance to get that business from any of these accounts because these people have recently seen and talked to their local agent and they are pleased with the service he has rendered.

"You do not do enough selling," Mr. Munz asserted. "Too many of us insure the house and the car and mail the renewals every year. We come to life only when the loss of one of these staple lines is threatened. We give our attention to the big risks and neglect the gold mine of personal accounts. Let's cooperate with that special agent who has been trying to tell us about all the policies we have at our disposal," he urged. "Let's start now to sell our customer complete protection—not a policy."

When a certain mail order house with a number of retail stores decided to go into automobile insurance several years ago, many of Mr. Munz' merchant friends continued in business in spite of the fact that this competitor sold similar merchandise at a lower cost. Though Mr. Munz said he is a champion of the middle man and had never bought anything from a mail order house or one of its retail outlets, he did need a pair of blue jeans not handled by a local store. He went to the local retail outlet of the mail order house. The young woman behind the insurance counter came out to wait on him at the blue jean counter. She said she also sold pants, and she wrapped up a pair for him. With the package she handed Mr. Munz an automobile insurance brochure and asked if he carried automobile insurance. When he explained he was an insurance agent, she asked what company and when he told her the Hartford, she said that is a good company too.

Thus the representatives of the mail order house are asking people to buy insurance.

However, before Mr. Munz left the store, he learned that the salesgirl did not have fire insurance on her furniture so he sold her a policy and collected the premium. The commission paid for the blue jeans. A few days later a man came to Mr. Munz' office to purchase fire insurance. He had been directed there by the agent of the mail order store insurance company.

Mr. Munz has sold a number of jewelry and fur floaters, fire policies, and, until recently, a few CPLs to people sent to his office from the same source.

He says he has lost one or two automobiles to this insurer, but he has no fear of holding his own with it in almost every case. That insurer reaches a number of people that he would never reach, but it simply does not have as much to offer as he does.

He noted that anything sold on a price basis alone becomes a target line and will be lost to a lower bidder at the next renewal. The way to meet competition is for the local agent to do his job so well it will be very discouraging to his competitor. No one can win all the time, but for every one he loses, Mr. Munz said, there are a dozen or more prospects who need what he has to sell and are waiting for some good agent to come and sell them.

## Vincent Tells How Work of National Board Benefits All

The insurance business is in a period of intense development—so "let's evaluate our position,"



Lewis A. Vincent

National Assn. of Insurance Agents was told at its annual meeting at Los Angeles by Lewis A. Vincent, general manager of National Board. He said the business can be thankful it is competitive; its method of operation is exemplified by the agency system, and, by any measure, capital stock companies which operate through the system represent the most popular and best insurance service. Among such measurements are volume of business, facilities for technical aid, the services of the local agent, and complete adjusting facilities for those who suffer loss.

National Board was the first of the great business service organizations, he said. It performs services for insured which in turn contribute to the welfare of community, state, and nation.

National Board suppresses incendiarism and arson, one of the original purposes for which it was formed. Obviously the community benefits here. In recent years the board has been called upon to expand this service to include thefts, burglaries and hijacking. Insured benefits from a reduction in losses, which reflects favorably in lower cost of insurance. The public, insured or not, benefits.

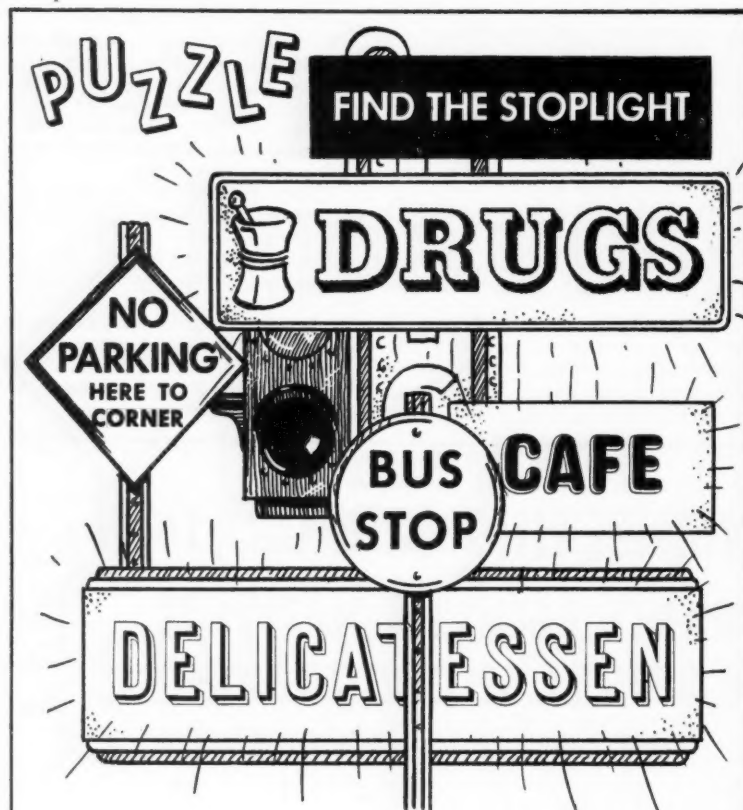
For more than 50 years a corps of specially qualified National Board engineers has been making periodic surveys of municipalities, analyzing their conflagration hazard and studying their fire fighting facilities, he said. The results of these surveys are of value to member companies in underwriting and are furnished municipal authorities for improvement of community fire defenses. This work is done in more than 500 cities of the U. S. with populations of 25,000 or more. Local boards and bureaus do similar work for the smaller communities.

In the recent floods in New England, records and plans of city water systems which had been damaged by the floods were replaced from maps and reports of the engineers representing their companies, he explained.

National Board constantly is studying new methods, materials and hazards as they develop. The plastics industry has been an important new field and now the industrial use of atomic energy demands constant attention.

He called attention to the board's catastrophe plan.

The story of National Board service gets to the public by means of the board's public relations. The public is apprised of prevention material and good practice requirements for safeguarding life and property; and it is told of the services of the local agent, Mr. Vincent said. Material specifically designed and made available for the agent's use include posters, newspaper mats and display materials, tying in with the advertisement which appear in leading national magazines. He said he hoped the agents will be able to use it effectively.



Just as puzzling is the public's lack of appreciation of its responsibility for the dangers of the road—physical and economic.

Agents must do their part in each community to bring safety on the highway and sanity in the jury box.





## Increased Liability of Shipowners Asked

Conventions dealing with increasing shipowners' liability in general and increasing owners' liability toward passengers were adopted by international maritime commission at a conference at Madrid. The U. S. delegation voted against the first convention and abstained on the other.

The conventions adopted will be submitted to a diplomatic conference which will decide whether they should be recommended for approval by the parliaments of the contracting nations.

The convention on shipowners liability, strongly opposed by the U. S. group, is based on the British system of a rate per ton of ship's tonnage. It would treble the prevailing rate by recommending that the limitation be based on a rate of 64 pounds (\$173.60) with 24 pounds being reserved for property damage and 40 for theft or personal injuries. The convention would also reduce from 500 to 300 tons the minimum tonnage for which liability should be applied.

The U. S. system is based on the principle that the liability of the owner, unless he is personally at fault, should be limited to the value of the ship after the accident and the value of the freight carried during that particular voyage. If the ship is lost or worth little the limitation fund cannot be less than \$60 a ton.

The convention dealing with liability toward passengers proposes that in death or personal injury the carrier's liability should not exceed 125,000 gold francs, about \$8,000. The U. S. did not vote on this as "under our national law it is against public policy to limit or diminish liability to passengers," according to Charles A. Haight, president of U. S. Maritime Law Assn. and head of the U. S. delegation.

## Named to Committee on Traffic Safety

Thomas N. Boate of Assn. of Casualty & Surety Companies, A.E. Spottke of Allstate and J. C. Stennett of National Assn. of Automotive Mutual Insurance Companies are on the President's committee for traffic safety, which is promoting the safe driving campaign Nov. 20-Dec. 1.

National Assn. of Insurance Agents, National Assn. of Casualty & Surety Agents, National Assn. of Independent Insurers and National Assn. of Mutual Insurance Companies are aiding in the campaign.

## Maryland Casualty Has New Office at Omaha

Maryland Casualty opened an office at Omaha Oct. 1 to service agents in 76 Nebraska counties and in Sioux City and eight Iowa counties.

John I. Sibbernson, manager at Omaha since 1954, has been named resident manager of the new office. E. H. Stevens, manager of the Omaha claim office since 1949, is now manager of the Omaha claim division.

## Cal. Insurer Sells Stock

LOS ANGELES—Academy of Beverly Hills has been granted a permit by the California department to sell 25,000 shares of capital stock at a price of \$20 per share. The new company will write workmen's compensation.

## New Texas Insurers

New companies organized in Texas in the period July 25 through Sept. 16 are:

Consolidated Insurance Association of Dallas, a reciprocal writing A&H and auto physical damage. Surplus is \$60,000.

Marion Mutual of San Antonio, writing fire and allied lines.

Santa Fe Ins. Corp. of America, Austin, writing fire and auto PHD with capital of \$100,000 and surplus of \$50,000.

Sentinel Indemnity of Dallas, a multiple line insurer with capital of \$200,000 and surplus of \$200,000.

Mid-Central of Lubbock, automobile full cover, capital \$150,000 and surplus \$75,000.

Insurance Women's Assn. of South Bend (Ind.) heard a talk on courteous and effective use of the telephone by Larry Church of Indiana Bell Telephone Co. at a recent meeting. The association will hold its annual "Boss Night" dinner, Oct. 17.

## Loss Seen on School Contract Failure

A building contract for a \$3.1 million junior high school in the Springfield Gardens section of Queens, New York city, was ordered forfeited by the board of education which had been told by the bureau of construction that no work had been done on the building since Sept. 6. Aetna Casualty originated the contract bond.

Ranes Construction Corp. of Brooklyn had asked for three days' grace on Sept. 6 to seek aid from the insurers,

but the companies declined assistance, it was reported.

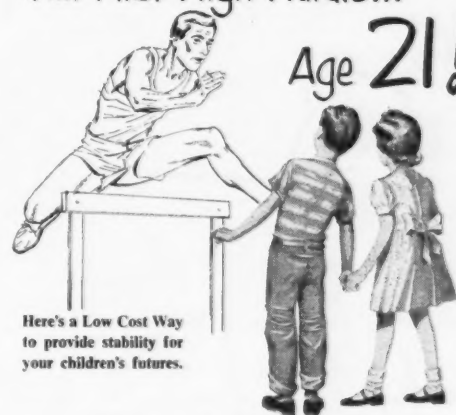
The construction contract is for \$1,996,630 and the board adopted a resolution to charge the entire expense of completing the work to the contractor. The school was to have been completed next February and is now about 40% done.

Federation of Insurance Women of Texas was paid an official tribute by Gov. Shivers when he designated Oct. 10-15 as "Insurance Women of Texas Week." In his proclamation, the governor noted that the federation had grown from five clubs when it was organized in June 1944 to a statewide organization of 23 clubs.



## A HELPING HAND AT THE GRASS ROOTS LEVEL

That First High Hurdle...  
Age 21!



Here's a Low Cost Way to provide stability for your children's futures.

This special life insurance for youngsters "jumps" five times in amount at age 21!

YOU want to give your child as much of a head start as possible in the race of life. You can provide this head start today with the wonderful North American Estate Foundation Plan. You insure your child's life for \$3,000 now; he will automatically be insured for \$15,000 when he reaches 21. The fact that his life insurance will increase five times provides the child who has become an adult with a substantial estate at the very time he needs a financial foundation for education

and increasingly heavy personal responsibilities. The Estate Foundation Plan assures the individual life insurance protection even though in his adult years he may develop a health condition which renders him uninsurable. The insurance matures for its full ultimate value at age 65 — once again providing financial stability at a time when it is most needed. Mail in the coupon below for information which is important to your youngster's future.

PLEASE FILL OUT COUPON

Please furnish me further information about the North American Estate Foundation Plan and the ways in which I can begin to provide now for a sound financial future for my children.

NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CITY \_\_\_\_\_  
STATE \_\_\_\_\_



**NORTH AMERICAN ACCIDENT INSURANCE COMPANY**

SEND TO

AGENT'S NAME  
ADDRESS AND PHONE HERE

THE advertisement shown here is available free to any North American Accident representative for reproduction in his home town or community newspaper over his own signature.

The grass roots philosophy which has led to the planning of advertising support at the home community level is characteristic of North American Accident's agency operation. We aim to star not ourselves but you, the producer, where you need top billing—in your home community.

You will notice too that the Juvenile Estate Foundation Plan which we are describing in the ad is a very salable item. The best advertising in the world is ineffective if the item sold is not exciting. We design policies with appeal and then we help you merchandise this appeal.

To find out how you can participate in our local newspaper advertising campaign and swing the force of really field-minded underwriting and agency departments behind you, write S. Robert Rauwolf, Vice President, at the address below:



**NORTH AMERICAN ACCIDENT INSURANCE COMPANY**

209 SO. LA SALLE ST. • CHICAGO 4, ILLINOIS

LIFE • ACCIDENT • HEALTH

# Landlord's Lament!

Owners, landlords and tenants are in a precarious position where they do not carry adequate public liability insurance. So many mishaps can occur around any building and there are so many possibilities for negligence.

There will be those exposed to these dangers in your community for whom you cannot obtain proper Owners, Landlords and Tenants coverage from your customary sources. In such cases, Illinois R. B. Jones can place this business in the London market for you with professional speed and friendly efficiency.

## Illinois R. B. Jones Inc.

175 W. Jackson Blvd., Chicago 4, Ill. • WAbash 2-8544

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William E. Lersch, Vice-President



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# prompt

Fair, equitable and prompt claim payments are just a few of the necessary ingredients that make for successful agent-company relations.

Local agents who represent Houston-American will attest to our fine reputation for quality and prompt, efficient service in all phases of underwriting, safety engineering and claim adjustments. If you have any problems, call us. We will be happy to work with you.

Operating in:

Texas - Arkansas - New Mexico - Oklahoma - Louisiana - Utah  
Tennessee - Kentucky - Indiana - Wyoming - Nevada - Montana

## Houston-American Insurance Company

An Agency Company

4606 South Main

Houston, Texas

## Program Readied for Oct. 26 Meet of Conn. Agents

Connecticut Assn. of Insurance Agents will have a panel on everyday problems of the average insurance agent following the business session of its annual meeting Oct. 26 at Hotel Statler, Hartford. The program starts at 10 a. m.

William N. Woodland, editor of *The Standard*, will be panel moderator. Participants and their topics are Herbert R. Bland of R. C. Knox & Co., Hartford, automobile BI and PHD; Elzey Walters Jr. of Stamford, comprehensive general liability coverages; William M. Foord Jr. of Litchfield, homeowners package policies; H. Sage Adams of Guilford, office management; E. Kenneth French of Harold Holcomb agency of Hartford, surety bonds, and John B. Crosson of G. B. Fisher Co. of Hartford, time element coverages.

David Gray, assistant to the president of Afco, will then speak on more production and less expense through premium financing.

Following lunch, Senator Bush of Connecticut will speak on reflections from the Washington scene. Maurice H. Herndon, Washington, D. C., representative of National association, will talk on "The Federal Influences Are Showing" and Ellis H. Carson, president of National Surety and vice-president of Fireman's Fund group, will have as his topic "Quality Is Our Dimension."

A cocktail party will be held at 5:30 p. m., followed by the annual banquet at 7 at which Commissioner Spellacy will install the new officers. There will be entertainment.

## Public Education, Reasonable Policies Urged by Killion

Education of the public and an affirmative obligation to be reasonable on the part of insurers are the main answers to the problems of the A&H business, Raymond F. Killion, 3rd vice-president of Metropolitan Life, said in his address at the annual meeting of Bureau of A&H Underwriters at Bretton Woods, N. H. The business has already shown ample evidence of its readiness to assume an affirmative obligation through the many examples of cooperative effort with regulatory officials and voluntary improvement in policy terms and conditions.

The concept of what is reasonable is undergoing continual change. In the long run, reasonableness will not be determined solely by insurance technicians but in a larger measure by the combined voices of the policyholders influenced by whatever education the insurance industry has been able to bring to bear, he said. Practices and procedures that might possibly be considered by policyholders as not reasonable must be anticipated. Where improvement can be made, it should be done well in advance of legislative compulsion. But where a practice is a necessary element to the sound conduct of the A&H business, insurers should act aggressively to educate the policyholders to understand that the practice is fair and reasonable.

The immediate subjects for a new look at reasonableness suggest themselves in the report on a complaint survey by the A&H committee of National Assn. of Insurance Commission-

ers. These are pre-existing conditions provisions of policies, delay in settlement of claims, complaints involving agents and claim representatives, and non-renewal and cancellation.

A successful educational program to bring about policyholder understanding of the reasonableness of excluding pre-existing conditions can be expected to have a corollary in eliminating complaints on claim handling, Mr. Killion said.

The policyholder should understand the policy exclusions and limitations just as thoroughly as he understands the benefit provisions. It is the insurer's responsibility to do everything possible on its part to provide him with the means to understand. It will not be acceptable to take refuge in placing the major responsibility for misunderstanding on the policyholder. A well trained and responsible agent is an answer to the problem of providing an understanding to the policyholder.

More specific information on the extent and nature of the complaints involving non-renewal is badly needed. Lack of detailed knowledge has permitted exaggeration of the non-renewal problem and, even worse, may misdirect corrective efforts.

Of all the possible reasons for non-renewal the one that stands out as most subject to question is non-renewal on account of the deterioration of the health of the policyholder. Mr. Killion believes that deterioration in health is insurable, subject to proper premiums and reserves, and furthermore that it can be done in a commercial form of A&H policy while at the same time retaining the right to refuse renewal under other circumstances which clearly justify that action. This can be done through the use of policy provisions to delineate adequately the company's limit of liability in relation to any one sickness or disability. A recurrent claim clause is an example of such a provision, he said. Several companies are working on that approach and their experience may be the basis on which others may adopt similar procedures.

A great many companies are undertaking to experiment in other directions. Some have entered the field of purely non-cancellable and guaranteed renewable A&H. One of the most noteworthy developments in recent years has been the principle of guaranteeing renewal subject to the company's right to adjust premium on classes of insured thereby guaranteeing renewal to individual policyholders. Other types of renewal guarantee have been introduced or will be shortly.

The most important point and one which cannot be over-emphasized is that the companies are demonstrating their willingness to experiment. Continuing experiment by individual companies along lines already commenced will, in the long run, produce the type of A&H best fitted to provide important coverage to the greatest number of people at the lowest possible cost.

At least one company is about to offer a policy at a level premium which will become fully paid at age 65 to provide a hospital and surgical expense benefit thereafter without age limit. No insurance underwriter would consider the aged population an attractive market in hospital and surgical expense insurance from a financial standpoint and yet important companies are prepared to meet that social need, he said.

James F. Carpenter has joined **Alan H. Bonito & Co.**, New York city agency, as assistant secretary in charge of the fire and automobile departments.



# KNOWLTON WARNS:

## Congress Can Change State Regulation to Federal Control

State regulation, since the decision in the South-Eastern Underwriters case, is only by sufferance of Congress, Commissioner Knowlton of New Hampshire warned Bureau of A&H Underwriters at its annual meeting at Bretton Woods, N. H. It is only because of the provisions of the McCarran act that it can be argued that states have retained exclusive jurisdiction over insurance, he said.

By virtue of this act, Congress gave its consent to the continued regulation by the states over what the Supreme Court had decided to be interstate commerce. This consent can be withdrawn and there have been some rumbles lately that certain members of Congress feel it should be withdrawn.

Mr. Knowlton said when he stated that the problem might become a political one, he did not mean political in the sense it was taken but that it may become one of policy. Whether or not the time will come when Congress considers changing the policy that regulation by the states is in the public interest, the business should remember that such a move could happen and conduct itself accordingly, he advised. The only way to avoid a change in policy is for the business to so police itself and cooperate with state supervision to the end that the business will be conducted on a high, ethical plane, thus removing the occasion for federal supervision, Mr. Knowlton said.

The only area in which the federal trade commission has jurisdiction at the present time is in those cases where the home state of the insurer does not have sufficient law to permit the regulation of its domestic insurers in the field of unfair methods of competition and unfair acts or practices.

Most controversial is the suggestion that the states may have authority to regulate the business of their domestic insurers, even though such regulation may extend beyond the borders of the state of domicile. Most of the insurance company attorneys with whom Mr. Knowlton has talked disagree. Perhaps their position may be influenced by a reluctance to admit that a state insurance commissioner has any authority to regulate a domestic insurer in such a way as to affect what that insurer does outside of the bounds of its home state, he said.

It has long been well recognized both in state legislation and by the courts that the insurance business is affected by the public interest. The tendency to impress a public interest on the insurance business has been increasing, probably because the public is buying an extremely technical contract against the provisions of which it has little opportunity to protect itself. But if public interest has a proper influence on the type of regulation needed to control the business, then what is meant by public interest? he asked. It seems to him ridiculous to say that the public interest of the people of any one state is different from the public interest of the people of another state. All the policyholders of a particular company are entitled to protection whether they be residents of the state of domicile or not, he emphasized.

Many insurance lawyers would like to have the question of FTC jurisdiction settled by the court of last resort.

He, too, would like to know what the court would say. However, to push the matter to ultimate decision would necessitate long and expensive litigation, and probably adverse publicity. Perhaps the approach now being considered by the National Assn. of Insurance Commissioners—to establish a set of fair trade practice rules and regulations dealing with false and misleading advertising and recommend the adoption of such rules and regulations by the states—is the proper one, he said.

No assurances can be given that

this will result in a permanent solution of the differences between the states and the FTC but the indications are that it may do so. The commission is apparently giving more thought to that portion of the statute directing it to prevent the use of unfair practices in commerce and less thought to the punishment of those who may have unintentionally failed to meet its standards. It has been suggested that the FTC might be willing to withdraw its complaints against those companies which have revised their advertising in accordance with the dictates of the

commission and signified an intent to eliminate any abuses in the future.

This would mean that the commission would proceed only with the complaints against companies that refuse to recognize any merit to the allegations of false and misleading advertising. Such a procedure would contemplate the reevaluation of current advertising in the light of what the commission believes to be proper advertising. He said he hopes the commission will adopt a new policy along these lines.

## NOW! FOOLPROOF BURGLAR PROTECTION



## FOR LESS THAN TWO CENTS A CUBIC FOOT!

Pictured in the small photo on the right is the Kidde Ultrasonic Burglar Alarm System — most efficient means of protection on the market today.

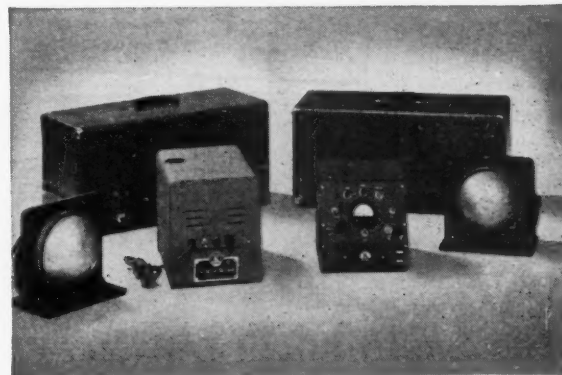
Unlike ordinary perimeter protection, the Kidde system gives complete wall-to-wall, floor-to-ceiling coverage, guarding every cubic inch of the protected area against invasion of any sort.

With the Kidde system on the job, any attempt to enter through a door or window, or by breaking through the floor or ceiling will cause an alarm to sound instantly. Tamper-proof switches thwart any sabotage, and a special device gives a warning in case power fails or is shut off.

Easy to install, simple to maintain, the Kidde system plugs into any electrical outlet, can be moved from place to place with no difficulty.

When properly installed, the Kidde Ultrasonic Burglar Alarm System qualifies for an Underwriters' Laboratories Number Two Certification.

For more information on this exciting new kind of burglar protection, send today for Kidde's new Ultrasonic Burglar Alarm Booklet or contact your U.L.-approved Central Station or local alarm company.



The basic units in this photo can protect up to 60,000 cubic feet of space at a cost of less than two cents a cubic foot, depending on physical characteristics of the protected area.

# Kidde



The words "Kidde", "Lux", "Lux-O-Matic", "Fyre-Freez" and the Kidde seal are trademarks of Walter Kidde & Company, Inc.

Walter Kidde & Company, Inc., 1044 Main St., Belleville 9, N. J.

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*An ad worth remembering...*

FOR QUALITY PROPERTY INSURANCE, SEE YOUR HOMETOWN AGENT!

*I buy by brand—do you?*



"I buy by brand.

In the long run, I have found, you get more for your money—make fewer mistakes.

"That's the only way to buy insurance, too.

After a fire or other loss it is much too late to find out if you have made a mistake. That's why we talk to our agent at least twice a year and take his professional advice on what types of protection we really need.

"On his recommendation, our home, car and other property are insured by The Home Insurance Company. It's a friendly company, and that's important to us. We may never have a loss, but if we should, we'd rather be dealing with The Home.

"It's quality insurance—and real peace of mind."

Now, See Your HOMETOWN Agent

**THE HOME**

ORGANIZED 1853



*Insurance Company*

Home Office: 59 Maiden Lane, New York 8, N. Y.

**FIRE • AUTOMOBILE • MARINE**

The Home Indemnity Company, an affiliate, writes

Casualty Insurance, Fidelity and Surety Bonds

A stock company represented by over 40,000 independent local agents and brokers

The Home Insurance Company's current advertising stresses two things—the value of your services and the quality of the protection you provide.

Remember the "brand name" theme—use it in your own selling efforts. You'll find that it's a sound, sensible and effective way to turn prospects into policyholders.

This advertisement appears in color in:

American Home—November  
Better Homes and Gardens—November  
Nation's Business—October  
Town Journal—October  
Business Week—October 8  
Newsweek—October 10  
Time—October 10  
U.S. News & World Report—October 21

## Sees Tighter Market, Broadened Coverage in Group A&H Future

The future holds for group insurance a tighter market and more effective and wider coverage of more people, Arthur M. Browning, vice-president in charge of group insurance of New York Life, said at the annual meeting of Bureau of A&H Underwriters at Bretton Woods, N. H.

The market for group insurance is not saturated nor will it soon be, he said. If governmental and agricultural employees are excluded, there are at present 35 million individuals employed by employers with 10 or more employees. When coverages provided by individual policies, by Blue Cross-Blue Shield organizations, and by similar insurance media are included, still only 70 to 75% of this potential market is currently insured. And, there is no fundamental reason why governmental or agricultural employees should be considered completely beyond the reach of group insurance.

Even when, if that millennium ever comes, every working man and woman who can be brought within the fold of group insurance is insured, insurers will still be faced with the fact that each year there are many new businesses being organized. During 1954 there were 331,000 new businesses established. This is a constantly recurring market, open to all insurance companies.

New segments of the population will be covered by group insurance. The trend now is to extend the statutory definition of group insurance to permit the coverage of groups with as few as 10 or less lives. While there are substantial problems involved in profitably marketing and administering groups as small as 10, insurers surely will find ways and means of doing so. If insurers can write groups as small as 10, why not five or some lower number? he asked. Mr. Browning said he did not wish to predict the ultimate minimum limit for group insurance, nor to say that his company is yet prepared to go below 10 lives. But group writing companies have done as effective job of selling the advantages of group insurance to both the employing and the working public. Accordingly, a demand has been built up for these coverages that may force insurers to find ways of making group insurance more broadly available.

For many years government employ-

ees were denied, for all practical purposes, benefits of group insurance because of the absence of statutory authority for the employer to share in the cost. The current trend for governments at federal, state, and local levels to take the necessary steps to purchase group insurance for their employees will doubtless grow until substantially all governmental employees will be eligible for group insurance benefits, he said.

The attention given in recent years in the collective bargaining process to health and welfare benefits will continue, and by its force, group coverages will be provided for many more small employers, and to employees who are more readily identified with the labor market than with an individual employer.

The problems of enrolling the employees and administering the insurance plan for a group insurance policy issued to cover the employees of employers banded together in a trade organization will, in the future, be successfully solved in more and more cases. More professional associations will be covered for insurance benefits by group and quasi-group coverages.

Despite these extensions in the field of group insurance, which can be readily foreseen, there still remain classes of workers in areas not reached by group insurance. Principal among these are agricultural and domestic workers and the self-employed. It is possible that through marketing organizations, or other types of farmers' cooperatives, group insurance benefits may be extended to agricultural workers. While there are difficulties involved in such an approach, some successful experiments have been tried in this area and more experiments will be tried in the future. Possible ways of extending group benefits to domestic workers and the self employed will surely be suggested, he said.

Group insurance benefits have been popularized to the point where they are widely considered as one of the proper conditions of employment. So long as substantial segments of the working population are unable to obtain these benefits, there always remains the danger that government intervention will be proposed to provide this type of benefit for such workers. Consequently these areas of ineligible workers present a real and continuing challenge to the business.

Prominent among the developments, in making present forms of group coverage more effective, which can be expected in the future, is the inclusion of a conversion privilege in all group

(CONTINUED ON PAGE 60)

## FORESIGHT A quality essential for successful Insurance Agents

The ability to look ahead . . . to anticipate clients' needs . . . to make sound plans for the future. These are just a few of the accomplishments of men with foresight. Insurance agents possessing this essential quality invariably use it to enhance their success still further by a wise selection of the companies they represent.

### PAN AMERICAN

**Fire & Casualty Company**



**Insurance Company**

EARL W. GAMMAGE, PRESIDENT

T. EARNEST GAMMAGE JR., EXEC. V. P.

P. O. BOX 1662

HOUSTON 1, TEXAS



## Change in Effective Date on Assigned Risk Policy Rejected

The governing committee of the North Carolina Automobile Assigned Risk Plan has turned down a proposal by North Carolina Assn. of Insurance Agents for a speed-up in the effective date on assigned risk policies.

The action was taken during the annual meetings of the assigned risk plans of North Carolina Automobile Rate Administrative Office and Compensation Inspection & Rating Bureau of North Carolina. The governing committees of the auto rate office and the assigned risk plan were reelected and the two retiring members of the compensation bureau's governing committee—Lumbermens Mutual Casualty and Maryland Casualty—also were reelected.

The governing committees reelected W. F. Laughlin general manager and Paul L. Mize assistant manager of the auto rate office; Mr. Laughlin general manager and P. A. King Jr. assistant manager of the compensation bureau, and Mr. Mize manager of the assigned risk plan.

Richard Brantley, assistant executive secretary of North Carolina association, had filed with the assigned risk plan a letter proposing that assigned risk policies become effective at 12:01 a.m. on the day following the assignment date. Mr. Brantley said that this would approximately cut in half the five to six days now required to put a policy into effect. The proposal was prompted by situations at Fort Bragg, army base near Fayetteville, and Camp Lejeune, a marine base near Jacksonville, but also resulted, Mr. Brantley said, from "a basic problem we have at other places in the state."

The governing committee decided it would be best to continue to adhere to the countrywide rule that the assigned risk policy become effective on the day following the second working day after receipt of the assignment in the company's office. However, Mr. Mize said, it was suggested that assignments be air-mailed when it would facilitate delivery to the home or branch offices. He plans to do this, he said.

## N. J. Is Revising WC Rates as of Jan. 1

Compensation Rating & Inspection Bureau of New Jersey is revising workmen's compensation rates and has advised companies to notify their policy writing offices, agents and departments that policies effective Jan. 1 and thereafter should not be written.

## A. J. Shay, Retiring Zurich Safety Engineer, Honored

Arthur J. Shay, retiring after 34 years as a safety engineer for Zurich, was guest of honor recently at a testimonial luncheon attended by his associates and executives of Zurich. He was similarly honored and presented with a scroll by the Chicago Tribune, one of the organizations he has serviced.

Working in the midwest, Mr. Shay has specialized in industrial accident prevention.

## Big Cal. Contract Bonds

LOS ANGELES—Metropolitan water district of southern California has awarded two contracts for construction of 11.57 miles of pipe for distributing water from the Colorado river aqueduct at a total price of \$6,366,303. Part of the contract was awarded Steve P. Rados of Monrovia, Cal., at his bid price of \$3,011,760, with National

Surety on the bond, and part to Ukropina, Polich & Krall and the Baker-Anderson Co. of San Gabriel, Cal. as joint venturers, with Maryland Casualty as surety.

## Elect Bush at Lexington

Lexington, Ky., Assn. of Insurance Agents has elected W. Guy Bush as president to succeed B. F. Buckley. Other new officers are: Vice-president, W. R. Carmichael; secretary-treasurer, Harry Houlihan.

Speaker at the meeting was Brad Wagoner, who is with Automobile at Cincinnati.

## Wratten to Cincinnati for American Auto

American Automobile has appointed W. F. Wratten resident vice-president at the Cincinnati branch effective Oct. 1. He succeeds Cameron H. Sanders, who is retiring.

Mr. Wratten has been resident vice-president for American Automobile at Hartford since early 1953. He started his insurance career with Hardware Mutual Casualty in 1930. After serving in sales and underwriting capacities in several midwestern territories, and

later as branch manager for American States at Cincinnati, he joined American Automobile in 1944. After a period at the head office, he became underwriting manager at Milwaukee. Subsequently, he was transferred to Chicago as branch manager, until he was named to the Hartford post.

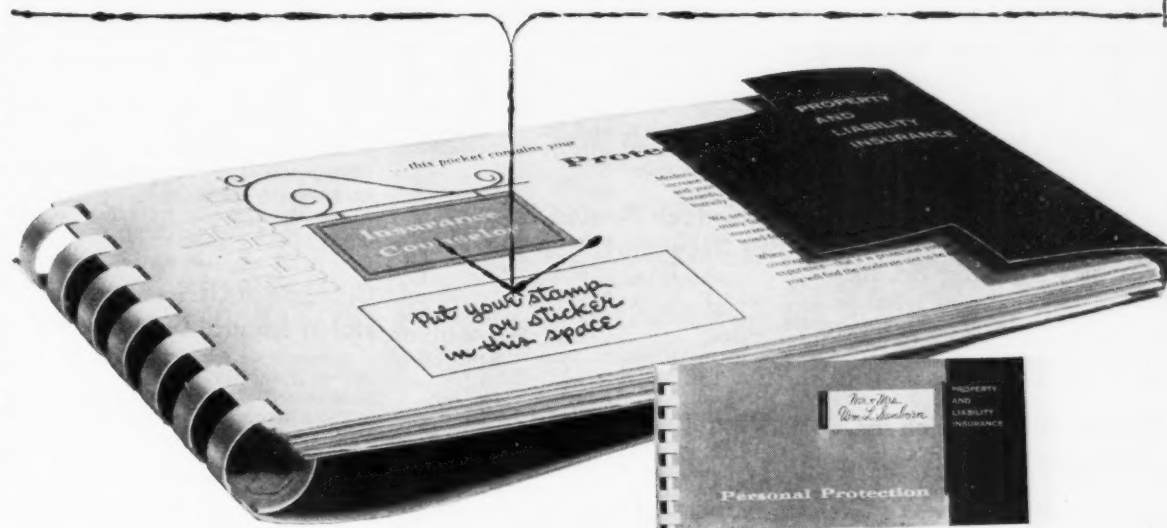
Mr. Sanders, a member of American Automobile Quarter Century Club, has been chief executive at Cincinnati since 1935.

The Rominger agency of Indianapolis has moved to larger quarters at 4609 East 10th street.

## Building your business on added service to policyholders?

THEN YOUR NAME BELONGS HERE  
IN AMERICAN-ASSOCIATED'S NEW

# PROTECTO-PAK



## PROTECTO-PAK CONTAINS...

Simplified, personal insurance Protection Analysis on a single letter-size sheet.

Four pockets for policies with spaces for renewal records and other data.

Streamlined Household Inventory Guide for estimating the value of personal property.

Extra pocket for paid policy invoices and other valuable papers.

Here's everything you need to make a Planned Personal Survey Program pay off for you — in one handy, practical package!

Primarily designed as a convenient holder for policies, the PROTECTO-PAK protects your customers' insurance... and provides you with an excellent opportunity to insure your customers' complete protection.

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## FIELD

### Continental Changes in Mass., N. Y. Suburban

America Fore group has transferred State Agent Bernard J. O'Donnell from Boston to White Plains, N.Y., where he will supervise the suburban New York territory of Continental. State agents Merrill F. Ramsay and Carlton D. Smith will supervise the central Massachusetts field, succeeding Mr. O'Donnell.

Mr. O'Donnell joined the group in 1928 in the local department of Niagara Fire in New York. Later he was special agent of the engineering department in suburban New York and special agent of the four fire companies in Long Island. He became state agent in 1954 when he went to Boston to supervise Middlesex and Worcester counties.

Mr. Ramsay, who also supervises eastern Massachusetts, entered the business with Cambridge Mutual Fire and later was with Mutual Inspection Bureau. He operated his own agency in Cambridge for three years before joining Continental in 1922.

Mr. Smith entered the business as a clerk with Home in 1910 and in 1925 became a special agent of American Eagle Fire. He also supervises Boston and northeastern Massachusetts.

### Minter Receives Blue Goose Pin from Wiseman

W. O. Minter, a member of Hartford pond of Blue Goose was presented a 25-year pin by Robert L. Wiseman of Washington, D. C., MLGG, at a meeting of the pond. Mr. Minter is a retired vice-president of National of Hartford group.

### Loyalty Group Appoints Special Agent in So. Ill.

Carl Hunt has been appointed special agent for Loyalty group in central and southern Illinois. He will have headquarters at Springfield under State Agent Hugh L. Allison.

### Moore Joins Zurich as Michigan Fire Field Man

A. Lynn Moore has joined Zurich at Grand Rapids as special agent for fire lines. Mr. Moore has been with Home for three years and before that was with Michigan Inspection Bureau for three years. He is a graduate of Kansas Wesleyan university.

### Three Iowa Field Veterans to Be Honored Oct. 7

DES MOINES—Three Iowa field men will be honored Oct. 7 at a 25-year testimonial dinner here.

They are W. K. Hankinson, state agent for National Fire; Henry G. Zimmerman, general manager for L. E. Ellis & Co., an W. A. Drewelow, state agent for National Union. Each has served 25 years in the Iowa field with his respective company.

General chairman of the testimonial dinner is T. R. McDonald, Hartford Fire, and toastmaster will be Oscar Hansen, Rain & Hail Insurance Bureau.

### Easterwood to So. Cal.

#### Field for London Assur.

Jay R. Easterwood has been named by London Assurance as special agent in the San Joaquin valley and south coast territory of California with headquarters at Fresno. He replaces Kenneth R. Boraker, who has gone into the local agency business at San Luis Obispo.

Mr. Easterwood started in insurance

in 1947 with Pacific Fire Rating Bureau, and subsequently was with National Union in the California field.

### Iowa Fire Underwriters Plan Educational Forum

Iowa Fire Underwriters Assn. will hold an educational forum starting Nov. 8. Panelists will visit various cities throughout the state to discuss the new low cost dwelling package policies.

Cities to be visited include Red Oak, Sioux City, Fort Dodge, Charles City, Waterloo, Iowa City and Ottumwa. All agents are being notified of the date the forum will visit their area. Morning sessions will be devoted to education and sales and afternoons will be for discussion.

### Redelfs, Kinning Get New Field Assignments

Phoenix of Hartford group has transferred Special Agent Joseph A. Kinning from Minneapolis to Fargo, N. D., to establish a new field office to serve North Dakota and northwestern Minnesota. Rex L. Redelfs, special agent, goes from the Nebraska field to Huron, S. D.

### White Is Big Toad of Raleigh Puddle

W. E. White of Boston and Old Colony has been elected big toad of the Raleigh puddle of North Carolina Blue Goose. Other officers are Fletcher Winstead of Seibels, Bruce & Co., croaker; Charles Murdock of Hartford Fire, bouncer, and W. S. Bizzell of North Carolina Fire Insurance Rating Bureau, polliwog.

### Murdoch Named Special of Norwich Union Fire

Norwich Union Fire has named Leonard E. Murdoch special agent in upper New York state, succeeding Alfred Talke, who resigned. Mr. Murdoch will make his headquarters in Syracuse.

### Plan Two Ia. Field Meets

DES MOINES—Eastern Iowa puddle of Blue Goose will hold its annual meeting at Cedar Rapids Oct. 11, and the annual duck dinner held by the Iowa field men will be held at Cedar Rapids Nov. 8.

### Elect New N. J. FIRO Governing Committee

Aetna, Camden Fire, Great American and Maryland Casualty were elected members of the governing committee of Fire Insurance Rating Organization of New Jersey at its annual meeting. They succeed American Equitable, American, Fire Association and Fireman's Fund.

### Mass. Brokers Assn. Sets Annual Oct. 20

Insurance Brokers Assn. of Massachusetts will hold its annual meeting Oct. 20 at New England Mutual hall in Boston. The group will consider changes to the constitution and by-laws as well as elect officers.

The annual luncheon, at which new and retiring officers will be honored, will feature a talk by Salmon Rizk, author, on "America Is More Than A Country."

### Slate Kenney at K.C.

The all-industry luncheon of Kansas City CPCU chapter will be presented Nov. 7. It will feature a discussion by Roger Kenney of the U.S. Investor on "Has State Supervision of Insurance Met the Challenge of Public Law 15?"

## ACCIDENT AND HEALTH

### Insurer Helps Employers Fox Named Chairman of Sell Merits of Group A&H No. American Accident

A unique H-factor program—a new approach to selling group insurance—has been developed by Mutual Benefit H&A, to help employers demonstrate their interest in employee health and welfare, the advantages of group insurance and the obligations management assumes in giving it.

The H-factor program (H is for human) includes a series of employee relations materials. They are:

1. A bonus check which can't be cashed, to be inserted in the pay envelope to show the value of the employer's contribution to the group program.

2. A get-well card which reminds disabled employees that the accident or sickness may be covered by insurance. A reply card is included to show the employer how long the employee expects to be away from work.

3. A notice of paid premium which tells the employee his premium for group insurance was paid for him.

Mutual is conducting a national advertising program to sell the H-factor technique. *Fortune* and *U. S. News & World Report* are spearheading the advertising drive.

The company also makes available prospect mailing pieces to open doors, a thorough follow-up system to use after prospects have received the program and a complete manual on how to use the H-factor technique to do a bigger sales job.

### Chicago A&H Association Holds Annual Golf Outing

A record 51 starters braved an early morning shower at the annual golf tournament of the Chicago A&H Assn.

Top golfer was Walter C. Kummerow of DeYoung-Kummerow with low gross of 79. He was paced by Charles F. Snyder of BARE with 80 and J. M. Fern with 81.

Low net prizes went to A. A. Rose of Retail Credit, 73; Richard A. Keller Jr. of Bankers Life & Casualty, 75, and Harold L. Bredberg of Bredberg Reports, 75.

Other winners were William G. Coursey of International Assn. of A&H Underwriters; Fred P. Gore of R. H. Gore Co.; Otto J. Elder of American Service Bureau, and Ernest Michna.

Lee Hougland of Combined and John J. Quinn of Conklin Price & Webb competed for high gross honors. Mr. Hougland finished with 145 and Mr. Quinn with 141.

In the blind bogey, it was Dan Marlowe of Provident, Jack Kratjewski and Jack Olson of Combined—winning in that order.

Mrs. Maryland V. Hull of Zurich and Mrs. Lena H. Schnorr and Flora Coats, both of Kohler, Wis., took the bridge honors.

### License Revoked Under N. C. Law

Commissioner Gold of North Carolina has revoked the license of H. M. Bennett, Raleigh agent, on grounds of misrepresentation in the sale of an A&H policy. He also forfeited a \$500 bond. The revocation was the first under a new law passed by the 1955 legislature, which also requires agents to be bonded. Mr. Bennett denied the charges and noted an appeal from the decision. His company, Reserve Life of Dallas, was absolved from any blame by the commissioner.

Jacob L. Fox, a director of North American Accident since 1935, has been elected chairman of the company.

Mr. Fox has been a member of the law firm of Brown, Fox, Blumberg & Markheim and its predecessors since 1913. He has specialized in insurance and banking law and contributed numerous articles to legal journals.

In 1921, Mr. Fox became counsel to the late Alfred E. Forrest Sr., president and founder of North American Accident. He later served as counsel for the Forrest family and was named executor of Mr. Forrest's estate.

### Gold Plaque Awarded to Los Angeles A&H Secretary

Presentation to Frances Sandidge secretary of Los Angeles A&H Underwriters Assn., of a gold plaque conferring life membership in the Leading Producers Round Table of the International association, was the feature of the initial fall meeting of the local association. This is the only award of that rank awarded at this time by the International. Eleven other members of the local association were awarded plaques.

Robert E. Will, commercial division field superintendent of Continental Casualty, Los Angeles, was speaker having for his topic "Accident and Health Has Grown Up." He defined growing up as searching for new things and reaching into new fields. He devoted his talk to substandard A&H and pointed out innovations by the company he represents. He cited conditions under which substandard risks can be written, and declared that writing of substandard business is but another forward step in the business.

### Seek to Check Record in N. C. Conversion Case

Three certificate holders in State Hospital Association of Tarboro, N. C., whose plans to convert to a stock A&H company recently were stopped by Commissioner Gold, have asked Wake county superior court for permission to look at the records of the investigation of the concern.

Under a 1955 act, the commissioner's records of such investigations are secret and may be opened to the public only by court order.

The court now has before it an appeal by officials of the association from the order halting its conversion plans. The order was issued after investigation showed that hundreds of shares of stock had been transferred to two officers of State Hospital with certificates forged by several agents who have since been arrested. Mr. Gold emphasized that the investigation showed no criminal actions by the officers.

### Ohio Hospital Service Seeks Increase in Rates

Ohio Superintendent Pryatel has scheduled a hearing Oct. 19 on a rates increase request from Central Hospital Service, Columbus, which administers Blue Cross plan in 29 counties.

The service seeks to increase its 30-day standard family contract from \$4.10 to \$4.60 a month and its standard \$25 deductible contract rates from \$1.85 a month to \$2.35 for individuals and from \$4 a month to \$4.30 for families. The service also proposed limiting maternity benefits to \$50 a case on the direct pay 30-day standard \$25 deductible contract.



## Wis. Agents Slate 14 Speakers for 3-Day Convention

A total of 14 speakers are scheduled to take part in the three-day convention of Wisconsin Assn. of Insurance Agents at the Hotel Schroeder, Milwaukee, Oct. 17-19.

Monday's sessions will include a board of directors meeting, standing committee meetings, a dinner-conference for local board officers and a "gemuetlichkeit party" featuring a full evening's entertainment in typical German style. Theodore Gray Sr., executive secretary of the Ohio Assn. of Insurance Agents and former Ohio state senator, will speak at the local board dinner.

"Blueprint for Success" is the title of an address to be given by Dan Blount, sales training director for the International Shoe Co., St. Louis, at Tuesday's opening session. An "action" report by Thomas Harman of Seattle will describe the work of the National Assn. of Insurance Agents' casualty committee. The morning session on Tuesday will be concluded with an address on "Garage Liability" by O. B. Sullivan, attorney for Aetna Casualty at Milwaukee.

A "sales and service" workshop on Tuesday will include the following speakers: P. N. Snodgrass, secretary of General Casualty of Madison, "Auto Tools"; Lyle Wimmer, secretary of Travelers, "Boiler Use and Occupancy"; S. L. Horman, vice-president of Time Ins. Co., "Why A&H in Your Agency?"; Lynn Surles, industrial consultant at Milwaukee, "I Can't Believe It"; Charles Timbers, deputy commissioner of the Wisconsin department, "How and Why of Rate Filings," and Paul J. Bringe, sales and advertising manager for Milwaukee Dustless Brush Co., "Using Direct Mail."

Two breakfasts are scheduled for Wednesday morning—one on "Farm Liability" and the other for metropolitan and large lines agents, who will hear Goodwin Clark Jr., assistant vice-president of Continental Casualty, Chicago on "Retrospective Plan D" and H. L. Mauritsen, state agent for Fireman's Fund at Milwaukee, on "Multiple Location Changes." A business session is scheduled for Wednesday morning. Wednesday's luncheon will honor Commissioner Alfred Van De Zande and will feature remarks by Erwin Gaumnitz, school of commerce dean at the University of Wisconsin.

Ladies entertainment will include a round-the-town tour of Milwaukee, a luncheon, a hat party and a talk by Harry J. Figge, agency management consultant from Des Moines, Ia., on "Your Best Policy."

## Homeowners Given Approval in N. C.

Commissioner Gold of North Carolina has approved homeowners policies A, B and C for use "without condition" effective Dec. 1.

He removed a previous condition after receiving a letter from Roy C. McCullough, manager of Multiple Peril Insurance Rating Organization, which contained definitions of surface water and contamination that Mr. Gold said were acceptable.

On Aug. 2 he had announced approval of the policies if North Carolina Fire Insurance Rating Bureau could file acceptable definitions of the two exclusions. The bureau and MPIRO said at that time they could not file

definitions that would be legally binding on the companies.

However, in his letter Mr. McCullough included legal definitions of surface water written by the courts of several states and cited Webster on the word contamination. He also contended there is no ambiguity in connection with the two words.

## Traffic Deaths Up 5% in Eight Months

Traffic deaths in August numbered 3,600, the sixth consecutive month with a total higher than the corresponding month of 1954, according to National Safety Council. Traffic deaths at the end of the first eight months of 1955 totaled 23,470 as compared with 22,430 at the same time last year, an increase of 5%.

However, on a mileage basis the figures are more favorable. For the first seven months, when deaths were up 4%, mileage was up 7%, resulting in a mileage death rate (deaths per 100 million miles) of 5.8, the lowest seven-month rate on record.

## Allstate Puts Its Three Millionth Policyholder on Books

Allstate last week insured its three millionth automobile, and the new policyholder, William G. Gray of Birmingham, Mich., owner of a 1952 Oldsmobile, was guest of honor at a dinner in the Allstate Detroit office.

Joseph E. Henry, midwest zone vice-president; Henry S. Moser, vice-president, general counsel and secretary of Allstate, and Davis W. Ellis, vice-president, in charge of sales, were on hand from the head office. Mr. Gray received an inscribed cigarette lighter from George C. Powell, Detroit manager of Allstate, and his choice of a major appliance for his home.

Allstate was founded in 1931 by Sears, Roebuck and wrote its one millionth auto policyholder in 1951. Policyholder number two million was written in 1953.

## Hearing at Los Angeles on New Cal. Certificate Law

LOS ANGELES—Talt Steeley, head of the licensing division of the California department, and a committee of nine members of the industry held a conference here on the formation of minimum standards for agents and solicitor training course to be put into use in compliance with the new regulations relative to certificates of convenience for agents and solicitors. The meeting was in the nature of an advisory session, and the proposed minimum standard program was accepted by the committee. It will be considered further by the department and hearings will be held here and in San Francisco during October. Similar sessions were held in San Francisco Sept. 27-28.

## Levy President of Mutual Agents of La.

Louisiana Assn. of Mutual Agents has elected Arthur G. Levy of New Orleans president. Other officers are Tinsley Connell of Minden and Roger Silver of Mansfield, vice-presidents, and Glen Walker of Shreveport, secretary-treasurer.

Standard Accident has transferred C. E. Yorton, field representative, from Rochester, N. Y., to Baltimore, and Donald R. Thompson, who has been at Richmond, has been made claim representative at Baltimore.

## FIRST to go definitely on record as an Agency Company

THE ROYAL EXCHANGE appointed its first agent to do business in 1721. Rendering consistent co-operation and service for almost 2½-centuries the Royal Exchange has also long been part of the American Agency System.



### How Can Our Service Benefit You?

Our field representative in your locality will be glad to call and tell you about our plan of co-operative service which not only will help hold your first line of defense against aggressive competition, but enhance your prestige and service in your community.

# Royal Exchange

ROYAL EXCHANGE ASSURANCE

PROVIDENT FIRE INSURANCE COMPANY  
THE STATE ASSURANCE COMPANY, LTD.  
CAR AND GENERAL INSURANCE CORP., LTD.

Representatives in Principal Cities and Towns  
of the United States and in Most Countries  
Throughout the World



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## WHAT'S IN A NAME ?

**S**electd by agents and public alike  
**E**xperienced since 1926  
**L**iberal attitude on Underwriting  
**E**fficient Branch Offices  
**C**oncentrated territory for better service  
**T**ime tested stock company policies  
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**R**eady to discuss your problems  
**I**mmmediate attention given claims  
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**K**nown for fair dealing  
**S**ervice—always our motto

**SELECTED RISKS INDEMNITY COMPANY**

**SELECTED RISKS FIRE INSURANCE COMPANY**

**BROOKLYN-N.Y.**

Companies Licensed in: Connecticut • Delaware • District of Columbia • Maryland  
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## adequate protection

The Highland broadsword, sometimes mistakenly called a Claymore, is straight with a broad, flat, single or double edged cutting blade and a distinctive basket hilt.

The 17th Century Highlander with pistols and dirk on his belt, a round target on his back, in one hand a sword and a musket in the other, was perhaps the best armed soldier of his day. Changing conditions, however, outmoded his weapons and today they would offer little protection. Insurance, too, becomes obsolete if it is not adjusted to current conditions. Caledonian takes pride in the century and a half of up-to-the-minute protection its agents have given policyholders.

the **Caledonian** Insurance Company

Founded 1805  
Oldest Scottish Insurance Company  
Executive Offices • Hartford, Conn.

### Holz Advises Residents of N. Y. to Avoid Non-Licensed Insurers

Residents of New York have been urged not to purchase insurance from companies not licensed there by Superintendent Holtz, who said that he has received numerous inquiries about certain companies not licensed by his department which are conducting an intensive mail campaign to sell to motorists a limited type of A&H policy.

It was reported that Automobile Owners Safety of Kansas City has reactivated its mail order solicitation of business on a nationwide basis much to the annoyance of commissioners of states where the company is not licensed.

### Balboa Promotes Hughes

Paul L. Hughes has been named assistant secretary-assistant treasurer of Balboa of Los Angeles. Since joining the company in 1953 he has been chief accountant. Mr. Hughes has been in insurance since 1932 when he started with American. After the war he joined Texas Fire as treasurer before going with Balboa.

### Ohio Agency Adds 3 Partners

Three experienced employees have been admitted to partnership in the Cleveland agency of Hale & Hale. They are J. B. Fraver, R. L. Jensen and Miss Lorna B. Griffith.

Mr. Fraver is managing underwriter of the agency and has been with the firm for 21 years. Mr. Jensen, the senior representative, has 17 years and Miss Griffith, who is treasurer, 22 years.

The new partners were designated as Hale & Hale began its 57th year of business. The managing partner is C. G. Hale, well known as an insurance consultant to the U. S. Defense Department and the Ohio turnpike commission as well as for his work as a professor of insurance at the University of Michigan.

### Blazek Joins Neb. Department

Roy Blazek on Oct. 1 joined the Nebraska department as claim supervisor. He will handle complaints for the department and will replace Homer Rose who has gone with Bankers Life & Casualty.

### Associates Honor Benjamin

Harold A. Benjamin, retired chief of the liquidation and conservation division of the California Department, was given a gift by his associates in the Los Angeles, San Francisco, Sacramento and San Diego offices of the department. The presentation was made at his home.

New Jersey has licensed Founders, Maritime, Massachusetts Casualty and State Auto of Indianapolis.

### Texas Mutual Agents Increase Dues to Hire Secretary; Pick Officers

Members of Texas Assn. of Mutual Insurance Agents at their fall meeting in Corpus Christi decided to increase dues to finance the hiring of an executive secretary.

Officers elected were Sam A. Carlisle of Lawrence Ilfrey & Co. agency, Houston, president; Charles A. Turner of Tyler, 1st vice-president; V. S. Burleson of Sherman, 2nd vice-president, and Sterling Sasser Jr. of Sterling Sasser & Son agency, Austin, secretary-treasurer.

The association will hold its spring, 1956, meeting in Austin and fall, 1956, meeting in Fort Worth.

### Ask for Flood Cover

A resolution recommending that the federal government set up a form of disaster and flood insurance similar to the war risk program of World War II was adopted by the New England Governors Conference at Boston.

### Trinity Universal Moves Maguyre

Jack Maguyre of Trinity Universal has been transferred to San Antonio as supervisor of operations there. Formerly manager of the Little Rock branch, Mr. Maguyre is being replaced there by Jack B. Kinsey.

Trinity has opened a new service office in Corpus Christi to be headed by special agent John E. Jones Jr., who has been in the business 12 years.

### Joins Mitchell May Jr. Co.

Mitchell May Jr. Co., New York city brokerage firm, has named as vice-president John F. Sanzone, formerly vice-president of C. B. Blonder & Co., who was with his present firm for eight years in the 1930s.

### Merchants Name Stromberg

Merchants Fire and Merchants Indemnity of New York have named Sven G. Stromberg mid-western field representative, covering Indiana, western Michigan and western Ohio from Ft. Wayne. He has been home office underwriter and representative in the mid-western territory for 29 years.

### Revoke California Agency License

LOS ANGELES—Commissioner McConnell has revoked the license of Brokers agency, Palo Alto, a corporation, and the right to exercise agency brokership powers under license of Robert G. Marshall because of long continued misuse and misappropriation of insurance funds in trust account of the licensee.

### Dexter Agency Fire Head

Peter Gestara has been named head of the fire department of J. C. Dexter agency of New York, general agents of Home.

## WEST BEND MUTUAL FIRE INSURANCE COMPANY

WEST BEND, WISCONSIN

STANDARD—UNIFORM  
NON-ASSESSABLE POLICIES

Chas. W. Walter  
President

RATED BY "BESTS"  
"A" + EXCELLENT



ESTABLISHED 1894

UNEXCELLED SERVICE  
AN AGENCY COMPANY

Robert S. Barber  
Secretary

PREFERRED RISKS  
SPECIAL RATES

WE INVITE AGENCY INQUIRIES IN FLORIDA, ILLINOIS, INDIANA, IOWA, MINNESOTA AND WISCONSIN. CERTAIN TERRITORIES OPEN FOR AGENCY REPRESENTATION



## Ky. Mutual Agents Elect Snowden at Louisville Convention

Kentucky Assn. of Mutual Agents elected Jess Snowden of Winchester president to succeed Guy Koonce of Mayfield.

Henry A. Henneberger of Paducah, Larry Dawson of Louisville and Jessie V. Keith, Hopkinsville, were elected vice-presidents, and V. L. Slade of Lexington was named secretary-treasurer. Mr. Koonce, in his welcoming address, praised the wide acceptance of insurance as proof of its merit, but pointed out that it is paradoxically one of the least understood by the insurance buying public.

"It is to our interest to dispel such ignorance of insurance, and we can do so," he said, "only by improving our knowledge and passing on to the public a better understanding of what they are buying."

Some 75 members and guests attended the two-day convention at the Kentucky hotel in Louisville last week.

J. F. Chick, president of National Assn. of Mutual Insurance Agents, discussed association efforts on behalf of the Kentucky group to attend the national convention in Cincinnati, Oct. 17-19.

Ron Little, assistant underwriting

## Shaw Gets New Post With Springfield F. & M.

Springfield F. & M. group has named Herbert W. Shaw Jr. a superintendent in the special risks department. His experience includes service as an engineer with Factory Insurance Assn.

## Worthington to Industrial Indemnity at Los Angeles

Edwin L. Worthington, assistant manager at Omaha of Fidelity & Deposit Co., has joined Industrial Indemnity as bond manager in Los Angeles.

Mr. Worthington has 22 years experience in fidelity, surety and burglary business.

## Kemper Companies Plan Big Push on Fire Covers

The Kemper companies have completed a series of four meetings, attended by 2,000 agents in the east, as a prelude to a nationwide drive to promote the sale of fire insurance.

The sales campaign will be launched in October and will include extensive advertising by the companies in 120 major market areas. The Kemper agents are being encouraged to supplement the advertising with their own local programs.

## Mutual Service Revises Auto Rates

ST. PAUL—Mutual Service Casualty has made reductions in automobile rates in Minnesota. In the Twin Cities, there is an 18% over-all reduction for full coverage, BI, PDL, and PHD, and outside of the Twin Cities the reduction is 15%, except that there are some increases for drivers under 25.

## Joins Company Service Corp.

Charles T. Cooper, who has been insurance instructor at Walter Hervey junior college, New York city, the past five years, has joined Company Service Corp., an affiliate of Inland Marine Underwriters Assn.

Alexander & Alexander, insurance brokers, has moved its Baltimore office to 2221 North Charles street.

manager of Meridian Mutual of Indianapolis, opened the business session with a discussion of forms 49D and 49S.

Karl Rothrock of Louisville presented pointers on new solicitations in the afternoon session. He said direct mail solicitation got good results, newspaper advertising was too general and phone contacts were good.

William Dinkins, Millers Mutual Fire of Texas, discussed some of the early limited cover under inland marine. It has since become very flexible, he said, due to its adaptability to many insur-

ance problems. He discussed package policies, floaters and the commercial block policies which have been approved in Kentucky, Florida, New Jersey, Vermont and Texas.

H. F. Holscher, vice-president of State Auto Mutual of Ohio, in a discussion of the "new standard automobile policy," maintained it was not "standard" since many companies are continually adding provisions benefiting the policyholder. He said the requirement that insured notify insurer of transfer or replacement of car should be of no concern. He said that

when policies were subject to more than one interpretation, the courts normally ruled in favor of the insured.

Harry Holmes, chief underwriter of the fire and inland marine department of Northwestern Mutual Fire, discussed homeowners policies at the morning session.

Jack Musselman, manager of Kentucky Assigned Risk plan, answered questions from the floor in an open forum session on assigned risks.

The last business session was a question and answer period open to all members of the association.

# NORTH AMERICAN

CASUALTY AND SURETY

# REINSURANCE CORPORATION

161 EAST FORTY-SECOND STREET  
NEW YORK 17, N. Y.

## Launch Uninsured Motorist Cover in N. Y.

(CONTINUED FROM PAGE 1)



**ALERT BUSINESSMEN** when deciding on major improvements, expansion or important changes, call in experts, architects, contractors, business analysts and their "executive in charge of insurance."

"They want a man who *knows*."

That man can be you, one whose skill and knowledge is backed by the facilities and "know-how" of the St. Paul Companies, your source for the insurance to fill a specific need.

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Members, American Foreign  
Insurance Association,  
offering world-wide insurance facilities.

the unsatisfied claim and judgment fund of the New Jersey variety. Representatives of the administration have been studying New Jersey's fund and its operation very closely and have been conferring with the New Jersey administration, which is also Democratic, on how it regards the fund and its operation.

There is considerable disagreement in the business, as there has been from the start of the discussions more than a year ago, about voluntary coverage with respect to what the alternative to compulsory should be.

The adoption of the UM program in New York is expected to have considerable influence in other states where there is substantial pressure for compulsory.

The text of the endorsement is as follows:

**ENDORSEMENT PROVIDING BENEFITS ON ACCOUNT OF BODILY INJURY OR DEATH CAUSED BY UNINSURED AUTOMOBILES.**

In consideration of the payment of the premium for this endorsement, the company agrees with the named insured, subject to the limits of liability, exclusions, conditions and other terms of this endorsement and of the policy:

**INSURING AGREEMENTS:**

1. Damages for injuries or death caused by uninsured automobile.

To pay all sums which the insured shall be legally entitled to recover as damages from the owner or operator of an uninsured automobile because of bodily injury, sickness or disease, including death at any time resulting therefrom sustained by the insured, caused by accident while this endorsement is in effect, and arising out of the ownership, maintenance or use of such uninsured automobile; provided, that for the purpose of this endorsement, determination as to whether the insured shall be legally entitled to recover such damages, and if so entitled the amount thereof, shall be made by agreement between the insured and the company or, in the event of disagreement, by arbitration.

**2. Definitions.**

(a) Insured. The unqualified word "insured" means (1) the named insured and, while residents of the same household, his spouse and relatives of either; provided, if more than one named insured is designated in the policy, other than husband and wife, the named insured shall be the person designated as such in the schedule; and (2) any other person while in or upon or while entering into or alighting from the insured automobile, provided the automobile is being used by the named insured or his spouse if a resident of the same household, or with the permission of either.

(b) Insured Automobile. The words "insured automobile" mean the "automobile" as defined in the policy as applicable to Coverage A.

(c) Uninsured Automobile. The words "uninsured automobile" mean an automobile with respect to the ownership, maintenance or use of which there is no bodily injury liability insurance applicable at the time of the accident, or an automobile used without the permission of the owner thereof if there is no bodily injury liability insurance applicable at the time of the accident with respect to the operator thereof, but shall not include (1) an automobile owned by the named insured or any resident of the same household, or self-insured within the meaning of the safety responsibility law of the state in which it is registered or which is owned by the United States, the Dominion of Canada, a state or province or any agency or political subdivision thereof, or (2) a land motor vehicle or trailer operated on rails or crawler treads, or (3) a farm-type tractor or equipment designed for use principally off public roads, except while actually upon public roads, or (4) a land motor vehicle or trailer while located for use as a residence or premises and not as a vehicle.

This insurance applies only to accidents which occur within the United States of America, its territories or possessions, or Canada.

**EXCLUSIONS:** This insurance does not apply:

1. To bodily injury to, or sickness, disease or death of an insured sustained while in or upon or while entering into or alighting from any automobile other than the insured automobile, if the owner thereof has insurance similar to that afforded by this endorsement available to such insured.
2. To bodily injury to, or sickness, disease or death of an insured with respect to which such insured or his representative shall, without the written consent of the company, make any settlement with or prosecute to judgment any action against any person or organization who may be legally liable therefor.
3. So as to inure directly or indirectly to the benefits of any workmen's compensation carrier, or any person or organization qualified as a self-insurer under any workmen's compensation law.

**CONDITIONS:****1. Proof of Claim; Medical Reports.**

(a) As soon as practicable, the injured person, or the beneficiary in the event of death, or someone on his behalf, shall give to the company written proof of claim, under oath if required; and shall after each request from the company execute authorization to enable the company to obtain medical reports and copies of records.

(b) Proof of claim shall be made upon forms furnished by the company unless the company shall have failed to furnish such forms within fifteen days after receiving notice of claim.

(c) The injured person shall submit to physical examination by physicians selected by the company when and as often as the company may reasonably require.

**2. Notice of Legal Action.**

If before the company makes payment of loss hereunder the insured or his representative shall institute any legal action for bodily injury, sickness, disease or death against any other person operating an automobile involved in the accident, a copy of the summons and Complaint or other process served in connection with such legal actions shall be forwarded immediately to the company.

**3. Limits of Liability.**

(a) The limit of the company's liability under this endorsement shall be \$10,000 on account of bodily injury, sickness or disease, including death at any time resulting therefrom, sustained by one insured as the result of any one accident and, subject to the above provision respecting one insured, shall be \$20,000 on account of bodily injury, sickness or disease, including death at any time resulting therefrom, sustained by two or more insureds as the result of any one accident.

(b) If claim is made under this endorsement and claim is also made against any person who is an insured under Coverage A of the policy on account of bodily injury, sickness, disease or death sustained in an accident by a person who is an insured under this endorsement:

(1) any payment made under this endorsement to any insured hereunder shall be applied in reduction of any amount which he may be entitled to recover from any person who is an insured under Coverage A; and

(2) any payment made under Coverage A to any claimant who is an insured hereunder shall be applied in reduction of any amount which he may be entitled to recover under this endorsement.

(c) Any loss payable to any person under the terms of this endorsement shall be reduced by the amount paid and the present value of all amounts payable to him under any workmen's compensation law.

**4. Action Against the company.**

No action shall lie against the company unless, as a condition precedent thereto, there

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shall have been full compliance with all the terms of this endorsement.

#### 5. Arbitration.

In the event the insured and the company do not agree that the insured is entitled to recover damages from the owner or operator of an uninsured automobile on account of bodily injury to, or sickness, disease or death of the insured, or do not agree as to the amount of payment which may be owing under this endorsement, then upon written demand of either, the matter or matters upon which the insured and the company do not agree shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrator(s) may be entered in any Court having jurisdiction thereof. The insured and the company each agree to consider itself bound and to be bound by any award made by the Arbitrator(s) pursuant to this endorsement.

#### 6. Trust Agreement.

In the event of any payment under this endorsement:

(a) the company shall be entitled to the extent of such payment to the proceeds of any settlement or judgment that may result from the exercise of any rights of recovery of the insured against any owner or operator of an uninsured automobile.

(b) the insured shall hold in trust for the benefit of the company all rights of recovery which he shall have against such owner or operator because of the damages which are the subject of the claim made under this insurance.

(c) the insured shall do whatever is proper to secure and shall do nothing after loss to prejudice such rights.

(d) the insured shall take, through any representative designated by the company, such action as may be necessary or appropriate to recover from such owner or operator the damages suffered by the insured, such action to be taken in the name of the insured. All expense and costs incident to the taking of any action pursuant to the provision shall be borne by the company.

(e) the insured shall execute and deliver to the company such instruments and papers as may be appropriate to secure the rights and obligations of the insured and the company established by this provision.

#### 7. Payment of Loss.

Loss arising out of bodily injury, sickness or disease is payable to the insured, or if the insured be a minor, to his parent or guardian; and loss arising out of death is payable to the surviving spouse, if any, of the insured, if a resident of the same household at the time of the accident, otherwise to the insured's estate.

#### 8. Policy Provisions.

None of the Insuring Agreements, Exclusions or Conditions of the policy shall apply to the insurance afforded by this endorsement except the Conditions "Notice of Accident," "Assistance and Cooperation of the Insured," "Changes," "Assignment," "Cancellation," and "Declaration."

#### 9. Period.

This endorsement shall be effective only while Coverage A is in force.

### Casualty of Cal. Enters Auto Field with Booklet Policy, Even Dollar Cost

Casualty of California, which for 10 years has written workmen's compensation exclusively, has gone into the automobile full coverage field, and is employing a booklet-type policy and streamlined underwriting procedure. One of the features of the latter is the use of premiums in dollars only.

President John H. Rees said the policy format, having declarations inside the front cover, endorsements inside the back cover, and premiums entered in dollars only, produces a policy which is easy for producers and insured to fill out and handle.

### Dawson Joins Kemper as N. Y. Metropolitan Manager

Valentine Dawson has been appointed manager of the metropolitan department at New York for the Kemper companies.

Mr. Dawson began his insurance career in 1929 after attending Columbia University. Since 1946 he has been New York City brokerage manager for American Mutual Liability.

### Engineers Hear Two Speakers

Southern California chapter of Society of Fire Protection Engineers heard a talk by Joseph Janeczek of C-O-Two Fire Equipment Co. at the September meeting in Los Angeles. He

gave a demonstration of the new electronic pre-detection automatic fire alarm unit.

Dr. R. C. Brunfield of Hy-Ther-Canics discussed problems of a manufacturer in securing approval of Underwriters Laboratories for a new product.

### Asks Insurers to Find Way to Cover Atom Power Plants

Insurers were challenged to find a way to take up the risk of operating nuclear power plants by Francis K. McCune, head of the atomic products division of General Electric, in a talk before the atomic industrial forum at Washington, D.C.

He said insurers will not assume liability for the atomic factories because trouble—if it comes—can be devastating, though the chances of trouble are unbelievably small.

Mr. McCune said he did not want the government to go into the insurance business, though it did so on war risk insurance. He urged the business to take a bold and aggressive stand and decide how much to rely on government. Otherwise, there will be no coverage available and contracts for power plants cannot go forward.

### Pacific Indemnity Opens Atlanta Regional Office

Pacific Indemnity has opened a regional office in the Fulton National Bank building, Atlanta, to service business in the southeast and develop new business in territories where the company's underwriting managers, Swett & Crawford, are not entered.

Manager of the new office is Walter P. Dodd, who is assisted by Richard F. Black.

Mr. Dodd entered the business in 1939 with Jerome & Cowan, general agents, Atlanta. In 1951, he joined National of Hartford. Before joining Pacific Indemnity he managed the southeastern branch of Continental Casualty.

Mr. Black started with Zurich in 1950 and a year later joined American Title. In 1953 he became a local agent in Atlanta. He served as manager of the casualty underwriting department of Continental Casualty from April, 1954, until his recent appointment.

### Seaboard Surety on Cal. Bond

James I. Barnes Construction Co. of Redwood City, Calif., has been awarded the contract by the University of California for construction of a medical center at San Francisco at a bid price of \$2,917,900. Seaboard Surety is on the bond.

### Jackson Agents Elect F. B. Daniels

New officers of Jackson (Miss.) Assn. of Insurance Agents are Felix B. Daniels, president; Robert Gandy, vice-president; Clant M. Seay, executive secretary; and T. O. Doolittle, John Spencer, Robert Gordin, Philip Lieb and James R. Preston, directors.

C. E. Manning, superintendent of label service of Underwriters Laboratories, recently told members of Insurance Accountants Assn. of San Francisco about testing operations of the laboratories.

Manchester (Conn.) Assn. of Insurance Agents has elected Clarence H. Anderson president.

National Assn. of Insurance Women will hold its mid-year board meeting, Oct. 15-16, at the Statler hotel, St. Louis. Major subjects to be discussed at the meeting will be employment of a full-time executive secretary and establishment of a national headquarters for the association.

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## Sees Tighter Market for Group A&H

(CONTINUED FROM PAGE 52)

hospital, surgical and medical policies. This is a socially desirable provision, and the actions of several companies would indicate that it is practical, Mr. Browning said.

The problem of providing continuation of medical care coverages beyond retirement age is much more difficult to solve. It parallels that of group life insurance in that the cost of medical care benefits increases with advancing age much as does the cost of term life insurance protection. No truly satisfactory answer has been found in group life, but in the solutions tried there are at least three which may be tried again in the field of medical care coverages:

1. The coverage may be substantially restricted after retirement to reduce the cost to a level which the retired employee can afford and would be willing to pay from his current resources.
2. The higher cost of coverage after retirement may be met by a substantial increase in employer contributions with respect to retired employees, the cost being met as the protection is provided during retirement years.
3. The higher cost of coverage after retirement may be anticipated and funded during active working years.

No one of these approaches is popular and each has its drawbacks, he said. However, the insurance business and employers generally must give very serious consideration to trying to develop a workable method of providing reasonable protection after retirement. Failure to do so will be met by increasing pressure to provide such protection during retirement years through a governmental mechanism.

The group business has concerned itself with replacing income lost as a result of death, old age or disability and with helping to meet expenses of

medical care. Only two areas of this broad field are readily apparent as being areas in which some form of group coverage is not already generally available. One is replacement of income lost due to prolonged periods of disability; the other is coverage of the expenses of dental care.

Some experiments are already going on in both of these fields; doubtless more will be tried, Mr. Browning said. Until the experience from these experiments has been evaluated it is idle to say that these either are, or are not, proper subjects for group insurance. By the same token, however, until there is evidence that these risks can be satisfactorily handled by group insurance, it can be expected that the business will view them with caution, if not with skepticism.

It is true that both major medical expense and comprehensive major medical expense have already been accepted as part of the portfolio of group coverages. However, they have been originated so recently that they are still in the developmental stage and therefore can properly be called coverages of the future.

During the past 10 or 15 years many limited forms of insurance of medical expenses have been developed, such as in-hospital doctors calls, diagnostic X-ray and laboratory services and expenses for care of disabilities due to specified causes, such as polio. These coverages have been put together in what often appears to be a crazy-quilt pattern. Major medical expense insurance and comprehensive major medical expense tend to make insurance protection in this field both more adequate and more intelligible to the public. As a consequence, it can be expected that these coverages will become in-

creasingly popular and gradually replace the splinter coverages for a large proportion of the population.

The development of these new forms of insurance without built-in limitations upon the amounts which will be reimbursed for charges for specific types of medical services makes it more than ever apparent that insurance must intensify its efforts to improve the working relationships between the business and doctors and hospitals. The bureau in its own right and as one of the principal members of Health Insurance Council has done important work in this field. Much has been accomplished, but much more needs to be done, Mr. Browning said.

The group business, in fact the entire A&H business, is faced with a choice of roads and soon the business, together with the medical profession will consciously, or unconsciously choose between two courses of action. One, the road of self-sufficiency, will lead to the ignoring of the problems of the medical profession and the needs of the insuring public. It will be beset with misunderstanding and mistrust between doctors and hospitals and the insurers. It will lead to unwarranted increases in the cost of medical care and therefore in the price of insurance of medical expenses, and it will lead to public dissatisfaction with both the medical profession and the insurance business, and ultimately to the deterioration of the position of voluntary insurance to the point where governmental intervention in this field will be inevitable, Mr. Browning said.

The other road will be difficult to follow. Much trail blazing will be necessary and it will require the use of imagination, the exercise of patience, fortitude and understanding. This road can lead to greater mutual understanding, there will be close cooperation and with closer cooperation medical ex-

pense coverage will effectively serve the needs of the insuring public.

This choice is the most important single development the future holds for group insurance and for that matter for A&H generally, he said. This choice will determine the future pattern of the business.

## Urges Commission for WC Claims in Tenn.

Labor Commissioner Parham of Tennessee has recommended to the state legislative council the establishment of a commission to administer the state workmen's compensation act. He said that settlements made directly between employee and employer, with disputed cases going to court for settlement, are slower, more costly and less uniform in application of the law. Tennessee is one of five states which still have a court-administered WC law, he said.

## N.Y.C. EC Losses Jump 110% in August

New York Board has reported that losses assigned to its committee on losses and adjustments in August which originated in the metropolitan area amounted to \$3,121,509, an increase of 110.82% over the same month in 1954.

## No Antenna Cover in Ill.

The Illinois department has approved a filing by the inspection bureau to eliminate coverage on outside TV antennas under the EC endorsement. This is the ninth state in Western Underwriters Assn. territory to exclude the aerial coverage.

## New Agency in New Orleans

Gordon-Freeman is a new agency in New Orleans at 5920 Robin street. William E. Gordon, a partner, has been in the business for a number of years, representing several companies as an adjuster.

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## Aetna Casualty to Open New Office at Cincinnati

Aetna Casualty will open a branch office in Cincinnati Nov. 1 to service business in southern Ohio and northern Kentucky. The company will continue to be represented in Cincinnati by Perkins & Geoghegan, general agents of the company for more than 50 years, who will now devote full time to the development and servicing of their business.

David J. James, now superintendent of the agency department at Pittsburgh, has been named manager at Cincinnati.

Mr. James has been with the company for nearly 20 years. Prior to becoming superintendent of the agency department at Pittsburgh he served as agency supervisor at Harrisburg.

H. H. Heinemann will continue in charge of all claim work at Cincinnati. The present Cincinnati bond office will be consolidated with the new branch office, with Franklin H. Smith as superintendent. Ernest D. Sams, now supervising safety engineer at Cincinnati, will continue as head of the safety engineering department.

## Audubon Building New Home in Baton Rouge

BATON ROUGE—Audubon group is constructing a \$500,000 home office building to meet demands for additional space. The new brick and steel building is going up just outside Baton Rouge's downtown district. Front of the building will be of dark green marble and glass, highlighted by stainless steel columns and aluminum strips.

Started in September, the new structure is expected to be completed by mid-1956. Audubon does multiple line business in Louisiana and Mississippi.

## Herd Toastmaster for N. Y. Brokers' Dinner

J. Victor Herd, executive vice-president of America Fore group and president of National Board, will be toastmaster at the annual dinner of General Insurance Brokers Assn. of New York Oct. 25 at Sheraton Astor hotel, New York city.

## American Marine Forum Hears Shipping Head

American Marine Insurance Forum of New York city heard Walter L. Green, president and chairman of American Bureau of Shipping, discuss its facilities and activities with respect to ship classification, at a meeting there.

## H. W. Brower Is Promoted

H. W. Brower has been promoted by Michigan Mutual Liability to resident vice-president of the western Michigan regional office at Grand Rapids. Mr. Brower joined Michigan Mutual in 1933 and in 1940 became district manager at Grand Rapids. He was advanced to assistant vice-president there in 1947.

## Set S-D Day for Dec. 1

The President's committee for traffic safety has designated Dec. 1 as "S-D Day"—safe driving day.

The S-D Day campaign, which includes 10 days of advance and 10 days of follow-up publicity, is designed to demonstrate that traffic accidents can be reduced materially.

Two kits have been prepared to help promote the campaign. The one for industries and places of business includes attention-getting materials such as posters and displays. The other for community programs contains planning

guides, radio scripts, news releases, speakers aids and other information.

Both kits with information on im- printing and quantity prices may be obtained by writing on an organiza- tional letterhead to: National Safety Council, 425 N. Michigan avenue, Chi- cago 11, Ill.

**Bernard M. Hulcher**, manager of the insurance department of Southern States Cooperative, Richmond, Va., spoke on "Risk Management" at a meeting of Richmond chapter of Con- trollers Institute of America.

## Cal. Agents Have New Pamphlet on Insurance for Decorators

A 12-page insurance pamphlet for painting and decorating contractors has been published by California Assn. of Insurance Agents. The pamphlet is one of a series which have been prepared for specific trade and professional groups by the California association.

Compiled by the technical commit- tees of the California association,

"Insurance for Painting and Decorat- ing Contractors" was submitted to the California council of the Painting & Decorating Contractors of America prior to publication. Helge Hultgren, chairman of the insurance committee of the California council and its par- ent national organization, reviewed and edited the material. To indicate his organizations' approval of the mater- ial, he authorized the California agents to include the official painting and decorating contractors' seal on the front cover.

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## Reynolds Gives Full Analysis of Auto Problem

(CONTINUED FROM PAGE 2)

by the independent agents, many of whom are members of state associations," Mr. Reynolds declared. Safeco had 1954 loss and loss adjustment expense of 56.2% and an expense ratio in spite of an aggressive advertising campaign of 29.4%. This leaves an operating profit of 14.4%, and he said this indicates that the rates can be further reduced another 10% and still leave room for a profitable operation.

The underwriting situation in Oregon is unsound, Mr. Reynolds asserted. Among the conventional companies, the bureau insurers had an automobile liability loss ratio in 1954 of 75.5% and the non-bureau companies operating on a conventional basis had 67.1%. While results on PDL and PHD were satisfactory, the rates have been reduced, and it now appears that the average company operating on a conventional basis in Oregon will show a substantial loss on its 1955 automobile business. "The loss ratios I have quoted for the conventional companies do not include claims expense, which together with home and branch office expenses and taxes will absorb practically the entire premium paid to conventional companies without any allowance for commission. Making allowance for the difference in rates charged, our conventional operation is over 20% away from the new streamlined type of operation in cost per car to our insured, only 10% of which can be credited to reduction in commission, the balance being derived from other advantages."


In examining the results of the conventional agency companies over the past 15 years, Mr. Reynolds said there is a very disturbing picture. In 1940, Oregon agents through the conventional bureau and non-bureau companies wrote 72% of the premiums, in 1950 they had 66% and in 1954 approximately 57%. National results show the same pattern. In Washington the agents putting business in conventional companies control only about 53% of the automobile premium dollar. The loss in the share of the market since 1940 through the conventional companies is some \$7 million in premiums in Oregon alone. "Allowing for a rate differential of probably 15%, I doubt if Oregon agents insure one-half of the automobiles in the state through conventional companies," Mr. Reynolds

said, "and certainly Washington agents do not control one-half of the automobiles in that state. Your companies operating on a conventional basis possibly represent 90% of the capital in the fire and casualty business, and executives of almost all these companies are disturbed to see the markets slipping away from them."

To meet the problem, a number of companies have adopted a streamlined type of operation, Mr. Reynolds said. Those with new plans in use in some or all their territories are Pacific Employers, General of Seattle, Anchor Casualty, Hawkeye-Security, Ohio Casualty, Houston Fire & Casualty, Federal, Boston, National of Hartford, and Fire Association. "In addition to these I have heard there are 11 other companies, including one which I am told is organizing a new company with \$5 million capital, with plans to campaign aggressively for this type of business on a nationwide basis. I believe the opinion of the average company executive is that there are many features of the procedures, business practices and commission rates of these companies that are desirable and necessary if they are to continue underwriting automobile insurance, and that many of them will be changing their method of operation in order to maintain their competitive position in this industry. . . . I am reliably told that one or more of the large bureau companies are carefully studying this streamlined competitive method of operation, and within a year or two we may all be forced into adoption of this program."

Commenting that the "new streamlined competitors" are becoming great institutions at the expense of the conventional companies, Mr. Reynolds listed some of their advantages, saying one of the major ones is the signed application.

These applications verify that all of the questions essential to correct rating and classifying have been asked and answered. The bureau-type companies find on their books many risks written at the lowest rate when they should be getting a much higher rate because of business use of frequent operation of the car by drivers under 25. Most often this is not discovered until a claim is reported. An insured is usually careful in filling out an application for insur-



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ance, whether it be for life, A&H or automobile, so the signed application would materially increase the premium volume at the present rates if it were accurately applied. There is no problem of increasing the number of policies handled. "Where policies are not correctly rated by class," he said, "we undermine our own industry by destroying the accuracy of the experience on which rates are based. If our class 1-A is injected with a volume of class 2-A risks or 2-C risks, 1-A experience becomes of no value for rate making purposes. It is obvious that without the signed application this is happening to both the bureau and non-bureau companies."

Further, erroneous information as to address, description of car or class of risk, which could be largely eliminated by a signed application, results in substantial increase in overhead. When the original policy is written the agents and companies immediately perform all of their underwriting, accounting and statistical operations. If an error is discovered the policy is usually cancelled and a new one written, producing a doubling of procedure and overhead to the agent with a possible tripling of overhead to the company.

"When the application is properly engineered, it can be attached to the face of the terms and conditions of the policy, completely eliminating policy writing in your offices and in your (agents') and in company branches. This would greatly reduce the overhead in the agents' offices, where agents write their own policies, and would make a saving to companies which provide this service to their agents."

Mr. Reynolds said another major advantage of the signed application is that questions regarding traffic accidents or violations, whether answered honestly or not, bring into focus to the insured the fact that no company wants to take on drivers who are reckless or are accident-prone. This feature alone, he said, is one of the most effective safety campaigns the automobile insurers could carry out, "and I believe it contributes materially to our competitors' low loss ratio and low rate structure."

No group of companies operating without a signed application can compete at the same rate with companies operating with a signed application, Mr. Reynolds observed.

The competition has another advantage in receiving cash with the application, while the other companies are clinging to a 45 to 60-day flat cancellation for non-payment, Mr. Reynolds pointed out. Any extension of credit should be made the entire responsibility of the agent, he said, and in a vast majority of cases cash should be received with the application. An agent would still be free to extend credit to an insured whose record justifies the risk, but it would be at the responsibility of the agent. A local bank or credit bureau can give an agent information regarding most people in the community, while it is obviously impossible for a company to secure it economically. Conventional companies are charging their good credit risks for the free insurance they give to poor credit risks. Payment with the application would save company overhead, agency overhead, and extra handling. It would help bring the rates a little closer to the competition.

Additionally, the competitors have some advantages that are controversial and although the agents have attacked them vigorously, Mr. Reynolds

said: "It is evident that this does not represent the feeling of all of your members, many of whom are placing business with companies that have adopted these practices." He said he was speaking of the continuous policy, of company collection of renewal premiums and of reduced commissions to agents.

United Pacific has had a six-month continuous auto policy on the market since 1950 and it has met with widespread acceptance from the agents, the majority of whom are members of their state associations, Mr. Reynolds remarked. There is a feeling among company executives and many agents that the expense of issuing a new policy each year is wasteful. From a sales standpoint, he added, it is better to advise an insured that his premium is due than to tell him his policy is expiring and then ask for a renewal. Life and A&H agents have no problem with the continuous policy.

"If you have confidence in the companies you represent, and your renewals are protected by proper contracts, do you believe objections to this type of policy are justified?" he asked.

Mr. Reynolds said a recent survey covering a group of agents throughout the country indicated that 75% of them had no objection to a continuous policy, 19% did object and 6% did not express an opinion.

As to direct collection of premiums, Mr. Reynolds said United Pacific has printed its statements on an IBM printing tabulator at the rate of about 650 an hour. The equipment is used to print statements on the continuous six-month policies which are otherwise handled on a conventional basis. Statements are mailed to agents with the request that payment be made to the agent. When this procedure was first inaugurated practically all of United Pacific's agents retyped the statements on their own letterheads, but today many of them have eliminated that expense and are mailing the statement provided by the company. However, the cost to United Pacific and to the agents in handling these renewal collections is substantially higher than it would be if the company collected them direct. It might be prudent to eliminate this cost, Mr. Reynolds suggested, and eliminate a little more loading in the premiums.

A recent survey of agents on the question of direct collection produced about an even response, he noted, with 49% favoring direct collection, 49% opposed and 2% expressing no preference.

Many of the agents object to direct collection because they say they are deprived of the opportunity to contact the insured, and without this contact it is impossible to give proper service. Many independent agents as well as company executives do not agree with this conclusion, Mr. Reynolds said, because the collection of a premium is not a service function. It makes a much better impression on the insured when a service call is made to review cost and coverage at a time when the agent is not asking for money or for the privilege of renewing an annual policy.

Another objection to the continuous policy-direct billing program is that the agent would lose control of his business. Mr. Reynolds said if the agent deals with companies in which he has confidence and has a properly drawn contract regarding ownership of renewals and the right to commissions, it is easy to protect against an unethical company. If the agent had his business in a company giving poor

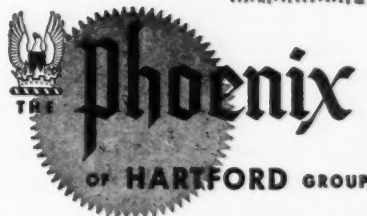
(CONTINUED ON PAGE 66)

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## Claims Men Can Aid Agents in PR Work

(CONTINUED FROM PAGE 17)

or an over-reliance on harsh principles of law should have no place in a fair and understanding appraisal of liability under an insurance contract, he said. This problem frequently arises in claims for total disability benefits where no timely proof, or no proof whatever of disability is furnished. That requirement has a reasonable place in the contract to enable the company to investigate the facts when disability is occasioned by the incapacity or insanity of insured and no notice or proof of disability is fur-

nished, or is furnished after death, if the claim department and the legal department can satisfy themselves that the furnishing of proof was reasonably impossible and insured was actually disabled at the times in question or to the extent required by the policy, then the strict requirement of timely notice and proof of disability should be brushed aside and the claim should be approved and paid.

A number of these cases have arisen within the last two or three years, Mr. Stewart said, and in each the company was able to satisfy itself that insured had been incompetent or was confined in a hospital or institution and the technicalities of notice and proof had

no bearing on the actual liability.

His company had a tragic-comic situation in Alabama on this subject. Insured and his wife living in a small country town, requested the cancellation of the disability provision on their rather sizable policy and a consequent reduction in premium. This was done. The policy was carried for a while and lapsed. Two or three years later insured's daughter in Texas wrote that her mother had sent the policy to her, saying that if she cared to pick up the premium payments and carry the policy, she could have it. The daughter asked the company's advice. Inquiries developed that insured had been wholly disabled in a small country

sanatorium a number of years and the disability provision had been cancelled because "it didn't seem to be doing him any good." The company had never received notice or claim for disability. When the facts were verified the company reversed the records reinstated the disability provision, refunded premiums paid since disability, and revived the policy on a disability basis as it would have had it been informed about it in the first place.

The company was doing only what it should do; the technicalities of notice and proof of disability had no bearing whatever on the merits of the claim, Mr. Stewart said.

There will always be the fraud, the chiseler, the claimant who is after an easy dollar, and claims men must winnow them out and deal with them as firmly and decisively as the facts warrant. Also, many claims must be denied for coverage limitations, policy lapses, exclusions, and the like, but a diplomatic and reasonably explained "no" can do much to soften or dissipate the feeling of resentment that results quite frequently from a denial of liability.

Claims men should not back away from or hesitate to litigate cases presenting unusual facts, or those presenting novel or undeclared principles of law. In this way they advance their knowledge within the business, chart new paths, and set precedents for future underwriting.

At present Mr. Stewart is defending two cases involving accidental death benefits in which an 18-year-old son shot insured five times and killed him. Proofs of death submitted declared that insured was shot by his son in self-defense. On a first degree murder charge, the son was tried and acquitted on a plea of self-defense. The double indemnity provision excluded liability for death resulting from injuries intentionally inflicted by another, yet the beneficiary is suing for accidental death benefits, relying on the presumption of accident where violent death appears. Accident? When a man is shot five times? Sounds improbable, Mr. Stewart commented. In addition, it connotes a deliberate intentional act in defense of one's life or safety. How they'll get around that admission in the proof of death, he said he didn't know, but he is going to litigate it and find out who's right.

Again, a soldier left his unit in France under circumstances which caused the army to carry him on its rolls as a deserter. Should the seven year rule on unexplained absence override facts in the army file, indicating a deliberate disappearance and ample, even serious, reasons for remaining absent? A court recently held that it did, and Mr. Stewart's company had to pay. The insurer was confronted with an unusual situation and felt justified in litigating the matter to find out where it stood.

In another pending matter involving a policy with an aviation limitation rider, insured, a private pilot, took off with a passenger in a light plane over the Mojave desert in the face of storm warnings in the area and against the advice of older, weather-wise pilots. Six months later the plane was found where it had been forced down so damaged as to make it unflyable and the pilot and passenger, uninjured in the descent, were found at varying distances from the plane, dead of exposure and heat exhaustion. Claimants assert the aviation limitation does not apply because the deaths did not result

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from the flight or descent of the plane but from heat exhaustion and exposure after landing uninjured in the plane. The courts have held in several cases that death resulting from the forced landing of a plane in the sea, with the pilot leaving the plane safely but drowning in efforts to reach shore, was death resulting directly from the aviation risk and recovery was denied. Now, the principles are the same—only the facts have changed, he said. Here the failure or forced landing of the plane subjected the pilot and the passenger to the perils of the desert, as real and as deadly as those of the sea. His company feels the deaths are directly attributable to the excluded aviation hazard. The case merits an effort to crystalize the law on the subject for future guidance.

### Guarantee Stock Sale To London Assurance Is OK'd

LOS ANGELES—Commissioner McConnell of California has issued a permit to Guarantee of Los Angeles to sell up to 12,500 shares of its \$100 par value stock to London Assurance in exchange for \$351,060 of its class A and class B stock and payment of \$3,250,000 in cash by London.

### Burglar Alarm Systems Urged to Avoid Thefts

Most truck cargo thefts take place when goods are left on unattended pickup and delivery vehicles, Jack Seide, president of Babaco Alarm Systems, told Air Freight National Conference at Chicago. He explained that the only economic and effective means of curtailing the rising trend of truck cargo thefts and hijackings is the burglar alarm system.

He said insurance-approved burglar alarm systems have been proved the

best means of protecting freight carried in vehicles because they are on guard 24 hours a day, never take a break for coffee or lunch and cost only a few cents a day. Mr. Seide added that insurance companies offer lower rates to insured whose trucks are alarm equipped and this saving frequently covers the cost of the protective systems.

### Waterhouse in Agency Post for Old Republic

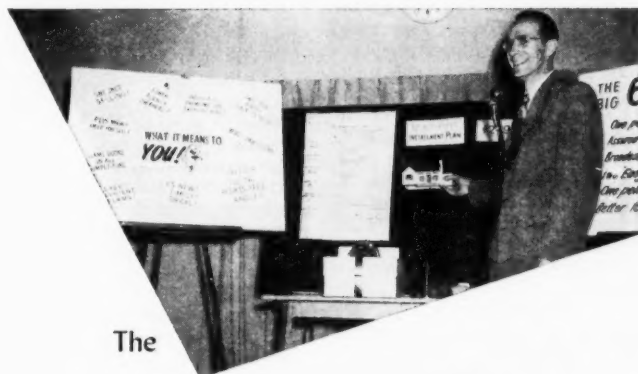
Everett H. Waterhouse has been appointed superintendent of agencies of Old Republic of Greensburg, Pa., formerly the Coal Operators Casualty.

The company, which formerly specialized in workmen's compensation coverage for coal mining companies, was acquired some months ago by a group headed by James H. Jarrell, who is president of Old Republic Credit Life of Chicago. It is planned to diversify the company's operation to write multiple lines and work closely with agencies.

Formerly agency supervisor for Zurich at Pittsburgh, Mr. Waterhouse started in the business there in 1937 as a life agent for Equitable Society. A year later he entered general insurance as a partner of the Williams agency at Meadville, Pa., and later was a field man for Indemnity of North America at Pittsburgh before joining Zurich.

### Houston F.&C. Names Hester State Agent

Douglas A. Hester, has been appointed state agent for the southeastern territory of Houston Fire & Casualty, consisting of Alabama, Georgia, Florida and South Carolina. This area recently was placed under the supervision of the home office.



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### Insurance Opportunity

We are a 114 year old marine and fire company group. The next step in our nation wide expansion program will be the opening of a service office in Minneapolis. We are looking for a man between 28 and 38 who has had a predominantly fire insurance background and has a successful record of field production, preferably in the Minneapolis, St. Paul area although this is not absolutely essential. We are looking for a better than average man and intend to pay a better than average salary. Write giving full experience details and information concerning experience, family and military standing. Address Box H-18, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### BURGLARY UNDERWRITER

Experienced in underwriting, burglary and plate glass risks for Western Department territory. Age 25-45. Permanent position with excellent future; vacation and all employee benefits. Salary commensurate with ability and experience. Submit complete résumé and salary requirement to: PERSONNEL MANAGER, AETNA INSURANCE GROUP, 300 So. Northwest Highway, Park Ridge, Illinois.

### SPECIAL AGENTS WANTED

Multiple line stock company operating in all states west of the Mississippi. Has openings for energetic, capable special agents in South Dakota, North Dakota, Texas, and Utah. Field personnel will be increased in several other states. Splendid opportunity to join fast growing company. If available, contact:

CIMMARON INSURANCE COMPANY INC.  
Cimmaron, Kansas

### CASUALTY UNDERWRITERS

Casualty company operating on nationwide basis has Chicago and other Midwest openings for experienced Casualty Underwriters. Under 40. Salary commensurate with experience. Opportunity for advancement. Send complete résumé to Box H-42, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### WANTED

Ohio general insurance agency situated in community of 100,000, seeks man about thirty with some knowledge of fire or casualty insurance. Must be willing to solicit business and handle minor office details. Salary and bonus. Box H-40, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### CASUALTY UNDERWRITER

Chicago office of a Mutual Fire and Casualty company requires experienced man to handle underwriting of casualty lines. Salary open. Good advancement possibilities for right man. Write giving details of experience, age, present salary and expected salary to Box H-51, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### CLAIMS SUPERVISOR—PERSONAL INJURY ASSISTANT CLAIMS SUPERVISOR PERSONAL INJURY ADJUSTERS—With or Without experience CLAIMS EXAMINER (Home Office)

We have immediate openings in our Chicago and Springfield, Illinois offices for men 25-40 who are anxious to become associated with a progressive stock casualty company. We offer excellent opportunity for advancement with liberal salary, group insurance plan, and other employee benefits. Write and tell us about yourself; interviews will be arranged on the basis of information contained in your first letter.

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Experienced Fire and/or Casualty Adjusters. Excellent positions available. Write giving experience and background. All replies confidential. MICHIGAN CLAIM SERVICE, INC., P. O. Box 276, Lansing, Michigan.

### EXPERIENCED AUTOMOBILE UNDERWRITER

Immediate opening available for qualified Automobile Underwriter in Home Office. Five-day work week. Vacation, group insurance, and other benefits. Write resume of past experience and expected starting salary to: Personnel Director Houston Fire and Casualty Insurance Company 2209 South Main Street Fort Worth, Texas

### WANTED

Representation in Georgia for top-flight casualty or multiple line company on general agency basis. Especially interested in company desiring good general liability, automobile and compensation lines. Located Atlanta, Georgia. Excellent underwriting and agency plant facilities. Reply: Box H-56, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### CASUALTY SUPERVISOR

Large multiple line stock company growth necessitates bringing in experienced Casualty man. College graduate, age 30-35. Headquarters in St. Louis, Missouri. Many attractive employee benefits plus definite opportunities for advancement and security. Box H-58, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### WILL BUY OUTRIGHT

Small Fire or Casualty Company located in Missouri or Illinois preferably, or other state if charter permits removal. Address Box H-59, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### WANTED

INSURANCE MANAGER for Southwest Missouri Realitor's Insurance Dept. Must be experienced in Casualty, Marine, Fire (including coverages for commercial risks) and Bonds. Living conditions ideal. Write giving full personal and job history, also age and salary desired. Box H-57, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

## Reynolds Gives Thorough Analysis of Auto Problem

(CONTINUED FROM PAGE 63)

claim service or was in an unsound financial condition, or if for any other reason he wished to change, it would be simple to call on the insured and place the business in another company. "I believe that by the end of 1956 you will have available for your selection probably 20 fine companies operating on this program," he declared.

Finally, comes the question of reduced commissions. This is the area in which most agents disagree with the majority of company executives. The practice initiated by the new companies of reducing the commission to 15% with a contingent which would bring it to approximately 17% on well selected business is controversial. In the western states, Mr. Reynolds noted, commissions are almost universally a flat 25%, while on the eastern seaboard most of the business is 20% for property damage and 17% for liability.

One of the United Pacific branch managers showed Mr. Reynolds a letter recently in which an agent said he was going to talk at a convention on the short-sightedness of producers in not being willing to take a reduction in commission on private passenger business to enable the insurers to reduce rates in order to meet competition. The agent said he would be willing to do this in order to save his business, and he was the fifth agent who had expressed such a view to the manager within the last 30 days.

A recent survey by a fire company, Mr. Reynolds observed, indicated that 50% of the agents approved a reduction in commission, 43% were opposed and 7% expressed no opinion.

In his own discussion with agents, Mr. Reynolds said to his surprise he found many smaller agents bitterly opposed to innovations and the larger agents, who were making substantial profits, enthusiastically in favor of it. One of the large coast agents said a cost analysis showed that he was making no profit on individual automobile business where he handled it in the conventional manner and received 25%. However, on the new program 15% commission would be practically all profit after the initial sales expense, and this agency was transferring all of its individual automobile business to such a program as fast as the policies expired.

Another agent told Mr. Reynolds he found he could make no money handling individual automobile business and when he was offered policies referred them to other markets. If he had a market for continuous policies and direct billing he would be interested in developing auto business at 15%.

A member of another large agency told Mr. Reynolds that a few months ago his agency had purchased another agency having a substantial volume in a company operated on the new streamlined method. In making a comparison, the agency found that its conventional automobile business was producing no profit whereas the business at the 15% commission was producing excellent profits.

The opinions of these agents are worth giving weight to, Mr. Reynolds pointed out, because they are intelligent men who are well trained in the business and have made more than average profits. They enjoy an enviable reputation with their companies.

There has to be an alertness to change, Mr. Reynolds declared. A na-

tionwide survey has shown that price is a prime consideration to the automobile owner when he buys insurance, but a similar survey indicates that 70% of all automobile owners would prefer to place their business with independent agents. If a solution is found that will change the trend of the past 15 years, during which time the conventional companies have been consistently losing their share of the market, the agents will start recapturing volume. All that is needed is a competitive position within 10% of the rates of the direct writers. "We are sure this can be done, and that it will result in increased earnings to the agent and broker, and a sounder operation for the companies you represent," he concluded.

## Teskey National of Hartford Group V-P for Casualty



J. W. Teskey

National of Hartford group has named J. W. Teskey vice-president in charge of casualty operations. He will be succeeded as group manager in Canada by F. C. Carroll, who has been assistant manager.

## Steam Explosion Ban Still a Pain for Some Ohio Insurers

There is some disappointment among Ohio insurance men, including officials of the insurance department, that the multiple line bill which went into effect there early in September was not accompanied by legislation to eliminate the ban on steam boiler explosion coverage in a fire form. This has been a thorny problem in Ohio for some time, especially since the introduction of additional extended coverage.

Insurers writing ML under the new laws can, of course, include steam boiler explosion in their package policies and other forms, but those which choose to remain fire companies are still bound by the old law. This means such insurers cannot include the steam boiler feature in their contracts in Ohio and a considerable number of other states hold Ohio-domiciled fire companies to this rule.

As of Sept. 29, 279 companies had taken advantage of ML powers. Of the state's 59 domestic fire and casualty insurers, 33 have not gone ML and a substantial number of these are understood to have no intention of doing so. The fire companies among these will continue to be saddled with the steam boiler explosion exclusion until somebody does something about a revision in the law. The Ohio legislature will not convene until January, 1957.

## Indiana Adjusters Set for Annual at Fort Wayne

State Adjusters Assn. of Indiana will hold its annual convention Oct. 7-8 at Fort Wayne.

The program includes a talk by T. L. Yates of the Chicago law firm of Crowe, Yates, Abrahamson & Fisk, on "Preparation of a File for Defense," a clinic on arson presented by National Auto Theft Bureau, and a talk on workmen's compensation by Roy Pope of Indianapolis.



## Sees Industrialized Use of Atom Energy Properly Evaluated for Insurance Risk

It is only a matter of time before the industrialized use of atomic energy will be properly evaluated as an insurance risk, with adequate coverage available for major accidents and catastrophes, Mathew M. Braidech, research director of National Board, told the annual meeting of American Institute of Chemical Engineers at Lake Placid, N. Y.

Mr. Braidech pressed for early solutions to today's problems and urged the new industry to employ every conceivable precautionary measure and skilled technique to minimize the development of unsafe conditions.

Along with the operation controls, Mr. Braidech noted that there is growing need for establishing design, installation, inspection and maintenance criteria for all types of reactors.

In the attempts to protect the public, many governmental agencies at state level and other outside technical bodies are, he said, drafting safety regulations. He cautioned them to make haste slowly in order to develop unified codes.

He observed that various technical committees of different segments of the insurance business, fire, casualty, and liability groups, have responded to some of the problems associated with radiation safety in the transportation of radioactive chemicals and in the operation of various atomic energy equipments, such as cyclotrons and other particle accelerators.

Mr. Braidech called on the atomic energy commission to provide more detailed safety stipulations than has been the case up to now.

In addition to providing the usual technical surveillance, he said AEC should undertake to codify, at an early date, the layout and design of nuclear reactors and associated steam-producing equipment, and the construction, installation, and maintenance of them. He suggested that due consideration be given to protective security of such plants against malicious acts and sabotage.

On the subject of emergency planning, Mr. Braidech advocated the preparation of emergency procedures and disaster planning to cover any catastrophic event. Such advance organized preparedness, he observed, will minimize the length of shutdown and operation-loss time.

He pointed out that the confidence that has been expressed in the atomic energy program by the electric utilities indicates that commercial nuclear power is becoming one of the most rapidly evolving and growing developments in the history of American industry. At present, six major electrical utilities, he said, have come up with plans calling for power plant installations totaling nearly 900,000 kw., with investment values of more than \$250 million.

This progress indicates that much of the confusion that has existed in this new industry will vanish in time with constructive thinking.

Industrialized atomic energy will then be properly evaluated for insurance risk, with adequate coverage against major accidents and catastrophes, he declared.

"With proper collaboration of human, financial and technical talents, and the establishment of equity of responsibility among governmental, in-

dustrial, and insurance interests, we can move forward and hasten the day when atomic power becomes a reality for improved public welfare, social stability, and national security and technical supremacy."

## N. Y. Gives Opinions on Law on Occupancy and Real Property

The New York department has notified domestic insurers that its counsel has given an opinion on the construction of sections of the insurance law concerning real property and occupancy.

The opinion, on paragraphs (a) and (b) of subsection 7 of section 81 is that the occupancy by a company of more than 10% or 10,000 square feet, whichever is the lesser, of the usable space in any building owned by it constitutes use for the purpose and in the manner set forth in the paragraphs, as the case may be, and requires the approval of the superintendent.

The occupancy by a company of less space will not preclude a determination that the building is being so used if the primary purpose of the company in acquiring or holding such building, as evidenced by factors other than the company's use of space, is use of the building for the purpose and in the manner set forth in the paragraphs.

The department's construction of the sentence in the last paragraph of the subsection, which reads—no real property shall be acquired by any domestic insurer pursuant to paragraphs (a), (b), (d) or (e) of this subsection except with the approval of the superintendent—is that any addition or expenditure made in any calendar year in respect to any existing building which, according to recognized principles, should be capitalized and which, when added to the aggregate of all such additions and expenditures previously made during the same calendar year, exceeds an amount equal to 50% of the book value of the building, whichever is greater, requires the approval of the superintendent.

## New Pamphlet on Hiring Physically Handicapped

Answers to common questions about employment of physically handicapped workers are provided in the new publication "The Handicapped Man for the Job." National Assn. of Mutual Casualty Companies is distributing the booklet free as part of the observance of National Employ the Physically Handicapped Week, Oct. 2-8.

The association was a pioneer in urging employment of the physically handicapped.

The new booklet points out that most workers are handicapped to some extent since all are not physically qualified for all types of jobs, but that within the limitation of each handicapped person remains considerable usefulness and productivity. It answers such questions as: why should handicapped workers be hired, what do insurance companies think about handicapped workers in business and industry, what is the relation of second injury laws to the employment of handicapped workers, how can the individual company go about finding a place for a handicapped worker, what do insurance companies do to help handicapped workers get back to work, what

are others doing about handicapped workers and what assurance is there that job placement for handicapped workers is worth while?

Copies may be secured from National Assn. of Mutual Casualty Companies, 20 North Wacker drive, Chicago 6, Illinois.

## Seaboard Surety on L.A. Bond

LOS ANGELES—Price-McNemar Construction Co. of Supelvelda has been awarded the contract for construction of the tactical and administrative facility at a special air force site in Los Angeles at a price of \$1,042,082. Seaboard Surety has the bond on the work.

George F. Boring Co. and Werder-Greenwood Co. agencies of Redwood City, Cal., have been merged. The new agency will be in the offices of the Boring Co. and will be titled Boring, Werder, Reifsnrath, Greenwood & Vreeburg.

Richard P. Nyquist, who has been with Charles H. Watkins Co. agency of Boston for 10 years, has been made a partner in the firm. Mr. Nyquist started in insurance with Employers Liability.

## Davenport Promoted by American Surety

American Surety has appointed Thomas M. Davenport manager of the Hartford claim office. He joined the company in 1951 as a claim representative at New Haven.

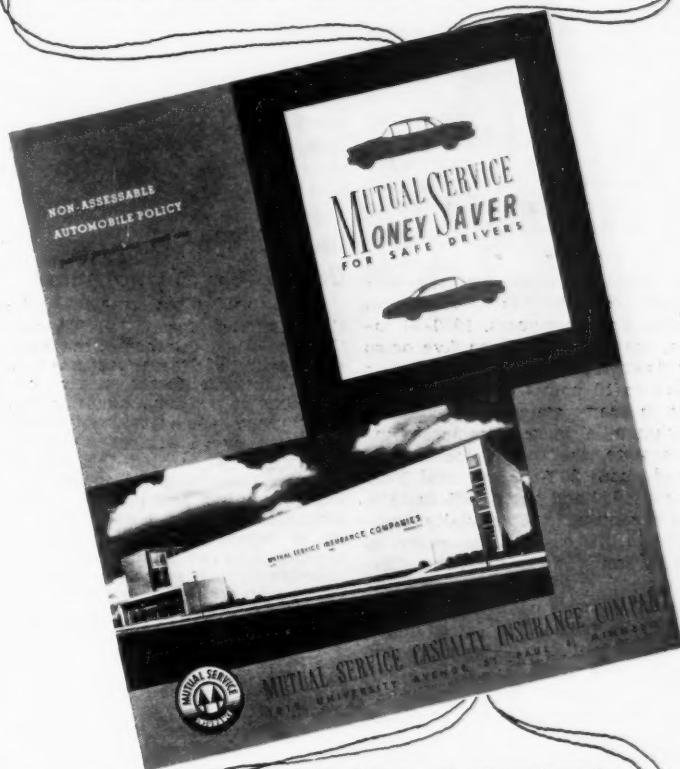
## Germany Transferred to Chicago

T. G. Germany, manager at Lake Charles, La., for the insurance adjustment firm of Crawford & Co. of Atlanta, has been transferred to Chicago as manager to succeed T. W. Perry, who is now the manager at Charlotte, N. C. The Chicago branch was opened in January of this year.

The annual Seattle Casualty-Surety golf tournament has been scheduled for Oct. 14 at Sand Point Golf & Country Club, to be followed by a dinner.

J. W. McAfee has been elected a director of American Automobile. He is president and a director of Union Electric of Missouri, and is also president and director of Electric Energy, Inc., and is a director of St. Louis Trust Company, General American Life, St. Joseph Lead and R. E. Funsten Co.

## Mutual Service announces its new



- table of contents
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- illustrated

Mutual Service operates through exclusive representatives in Minnesota, Wisconsin, North Dakota, South Dakota, Iowa and Michigan.

# MUTUAL SERVICE

INSURANCE  COMPANIES

1919 UNIVERSITY AVENUE ST. PAUL 4, MINNESOTA

LIFE • AUTO • FIRE

## Agency Insurers Get Shrinking Share of Auto PHD

### Now Alert to Problem, Such Companies Study Ways of Solving It

Conference stock companies writing automobile physical damage through the agency system are much concerned about the shrinking percentage they get of the total dollar volume developed by this line countrywide. These companies have now arrived at the point where they are at least considering counter measures for recapturing a larger share of the business, or at least stopping or slowing down their drift out of the business.

The first development had to be, of course, recognition by such companies of what was happening to them. That now has occurred. Companies are thoroughly aware of the competition of specialty insurers and the in-roads they have made in recent years. For a good many years, perhaps 15, conference auto PHD insurers were getting a larger dollar volume of such business because of the rise in premium volume. Premiums mushroomed under the influence of inflation and rising rates, large increases in the automobile population, and what it is apparent now was a trend toward the purchase of more insurance by more people because of good times. The conference companies today are watching their premiums shrink in relation to the total available.

The business done by specialty companies steadily has increased in all states. For four years, 1950-53 inclusive, the swing has been five or so points down for the agency companies and five to 10 points up for the specialists in many states. For example, in Michigan, a large automobile insurance state, the conference companies had about 20% of the total PHD volume in 1950 and about 16% in 1953. In the meantime, the specialty companies had increased their share of the total from 56 to 65%. In some eastern states the losing score for the conference insurers has not been quite so bad. In Pennsylvania, for example, for the same four years, the conference companies lost headway from about 32 to 27% while the competitors gained from 30 to 35%. But in South Carolina the drop was from 32 to 19 and the corresponding gain for competition was from 14 to 34. In Ohio the loss was from 25 to less than 19 and the gain was from 48 to 60; in California the loss was from 28 to 20 and the gain was from 53 to 62. In Iowa the loss was 16 to 11, though the effect of local mutuals in Iowa must be added to that of the specialty companies; the gain was from 68 to 73. Roughly, the over-all figures countrywide are a loss of from 28 to 22 and a gain of from 47 or 48 to about 55%.

Not only are the conference agency companies aroused, but also their agency forces, and there is evidence that some selling is going on. Just how effective this will be remains to be seen, observers point out, but whatever it amounts to it is at least a move in the right direction.

Though rates now are going down, as

a reflection of the favorable trend in experience—a trend which is, incidentally, continuing—there is a certain amount of feeling among these insurers that the effectiveness of the competition may not be a matter of price, at least altogether; that a good deal of the trouble lies elsewhere.

As rates have ceased to go up and have started to come down, as the rate of increase in the automobile population has slowed down, and as the level of premiums has tended to reach a plateau, the loss of headway by conference companies has become more and more apparent.

Some underwriters believe that a revised attitude toward the PHD business will tend to improve the competitive position of conference companies. For example, at one time many PHD insurers followed a rule of thumb that this business should not exceed 10 to 15% of total premium volume. There has been a considerable resistance in times past to certain types of risks, such as commercial cars, or to business from certain areas. This resistance by the conference companies has created opportunities for the specialty writers. Another soft spot has been trailer homes. Specialty companies watch the experience of the conference companies very closely and pick areas or risks where the experience is favorable, avoiding those where it has been unfavorable.

Today the conference underwriters are watching their opportunities more closely; they are less apt to follow old lines of thinking—they are more realistic about classes, coverages and territories—and this is bound to have some effect upon the competitive vigor with which they go after business.

### Relates Work of Complaint Unit of Cal. Department

LOS ANGELES—Chief Assistant Commissioner Joseph D. Thomas of California was speaker at the September meeting of Marine Adjusters Assn. of Southern California, talking on the functions of the department in respect to company loss adjustment activities.

Almost every insurer operating in California has earned the reputation of being ready and able promptly and fairly to adjust and pay all legitimate claims, he declared. He said the majority of complaints to the department are closed by explaining that the insurance company is correct in its position. Quite a high percentage of these kinds of complaints require no contacts with insurance companies.

The next biggest class of complaints involves some real misunderstanding over facts. Here the department staff attempts to clarify the facts, and once this has been done, prompt agreement between the parties is usually achieved. A still smaller group of complaints boil down to an honest difference of opinion on law or principle. The department does not and cannot act as a court of law. The complainants are advised that if they desire to pursue the matter it will be necessary to sue.

The smallest number concerns the activities of the very few companies either unable or unwilling to adjust and pay legitimate claims.

### Form New Michigan Agency

Wolverine Underwriters Agency has been organized at Benton Harbor to specialize in handling and writing auto physical damage. The principals are William M. Allen and A. L. Peapples of Allen & Peapples agency of Benton Harbor. Wolverine Underwriters Agency will be a separate operation, with the market to be provided by stock companies. Claim handling will be done by Michigan Claims Service.

## Mutual Bureau's UM Coverage Gets Approval of Holz

Superintendent Holz of New York has approved a filing by Mutual Insurance Rating Bureau which will add an endorsement to the automobile liability policy to provide uninsured motorist coverage on an automobile owned by an insured of New York anywhere the basic policy covers.

The endorsement provides coverage for bodily injury or death and for payments—subject to limits of 10/20—to the insured owner of an auto, members of his family living with him, and guests in his car for bodily injuries suffered by them as the result of an accident involving an uninsured automobile.

A feature of the coverage is a provision conceding the liability of the owner or operator of the uninsured automobile involved in an accident with insured. The amount of damages to which insured is entitled under the endorsement is determined by agreement between insured and insurer and provision is made for an appraisal procedure to apply where necessary.

Companies adopting the endorsement will automatically afford the coverage contained in it without charge to all of their New York policyholders with private passenger auto liability policies outstanding Oct. 5. The annual premium for the coverage when endorsed on new and renewal policies is \$4.

## Digest of 100 Welfare Plans in 208 Page Book

WASHINGTON—The Department of Labor bureau of labor statistics has issued a 208-page digest of selected health and insurance plans under collective bargaining. It is the first such digest issued by the bureau since 1951. The book mentions that there have been many changes in the scope and substance of welfare plans since 1951 such as the broadening of the health and insurance package to include additional benefits, the extension of retired employees and their dependents, and the general increase in the amount of benefits provided.

The present report, which brings up to date a number of plans described in previous digests is more comprehensive in scope and in detail. It attempts to reflect the nature of the benefits provided to workers and the differences among plans in a form suitable for quick reference. State temporary disability laws, which affect some of the plans covered in the digest are summarized in an appendix.

The book is bulletin No. 1180. It may be had from the government printing office, Washington 25, D. C., at \$1 a copy.

Stuart F. Raleigh Jr. has been elected president and treasurer of Raleigh & Munns, Syracuse, N. Y., agency, succeeding his late father. Mrs. Raleigh Sr. becomes vice-president and secretary succeeding her son. Another son, William of Arlington, Va., was named to fill the vacancy on the board caused by the death of his father.

A general insurance course, designed as a prerequisite to taking the New York state insurance examination for prospective brokers, has begun at the Rochester (N. Y.) Institute of Technology, under the direction of Alan Bartholomew and John Riley, local agents.

Syracuse Insurance Women's Assn. at its first fall meeting discussed plans for its serving as host to the annual meeting of Federation of New York Insurance Women's Clubs next April. President Margaret Davies named Marie Sullivan, publicity chairman, to attend a three evening session course on publicity.

## Program Ready for Kentucky Meeting

LOUISVILLE—Kentucky Assn. of Insurance Agents has about completed its program for the annual meeting at Louisville, Nov. 21-22. This year's program will feature sales forums and fewer speakers.

Starting with an executive committee breakfast meeting, the first day will feature a report of President Guy Billington; remarks from Commissioner Goebel; a talk by Louie Woodbury of the National association executive committee; and a sales clinic on fire insurance, including homeowners A, B and C.

Another clinic will cover casualty including automobile, garage keepers legal liability and auto dealers reporting form, medical payments, comprehensive personal liability and farm comprehensive, and personal liability. A third clinic will consider marine insurance—including farm equipment and livestock floater, mercantile block policies and marine "door openers."

On Tuesday State National Director Sheridan C. Barnes of Elizabethtown, Ky., will deliver his report. David Gray, assistant to the vice-president of Afco will discuss "Premium Financing" in an address.

Speakers at Tuesday's general forum will be W. R. Ratliff, supervisor for the state police; Charles C. Oldham, state police commissioner; John Kinnard, transportation commissioner and Jack Musselman.

At the CPCU Kentucky chapter luncheon on Tuesday, the guest speaker will be George V. Whitford, vice-president of Fire Association.

## Insurance Institute of Canada Elects Winter

At the annual meeting of Insurance Institute of Canada in Toronto, the Lord Knollys prize was awarded to E. H. Corea of Toronto, the top student in sections II and III of the fellowship examinations. The presentation was made by Charles Curtis, manager for Canada of Employers Liability.

The new officers are: President, H. Winter, Halifax; first vice-president, A. S. Hamilton, Scottish Union; second vice-president, D. M. Young, Canadian Fire. R. Leopold Jones continues as honorary secretary-treasurer.

J. Richardson, London & Lancashire, is the retiring president.

## Name Stottrup at Decatur

S. B. Stottrup has been named general agent at Decatur, Ill., for Mutual Benefit H&A, and United Benefit Life succeeding W. O. Hoogestraat who has retired after 27 years with the companies.

Mr. Stottrup joined the companies at Waterloo, Ia., and in 1952 was promoted to the home office sales training division. Two years later he was named director of the Great Lakes region.

## Name Policy Analyst in Pa.

Vincent Raba, who has been with the investigative and claims section of the Pennsylvania department of public assistance, has been named chief A&H policy analyst of the Pennsylvania department. He succeeds the late Earl Lollo. Later there will be named a life policy analyst, also a duty of the late Mr. Lollo.

Mr. Raba has a legal background and is a graduate of the Temple law school.

## To Hear Coursey at Detroit

Speaker at the Oct. 10 meeting of Detroit Assn. of A&H Underwriters will be William G. Coursey, managing director of the International association.





Your cigarette may taste very pleasant and cool. But the temperature at the lighted end is from 800° to 1200°F. Is it any wonder that careless smoking or handling of matches causes 1 out of 4 fires? Be careful about how you hold a cigarette—where you put it down. Have plenty of ash trays in your home and office. *Use them.*

## ÆTNA INSURANCE GROUP

ÆTNA INSURANCE COMPANY • THE WORLD FIRE AND MARINE INSURANCE CO.  
THE CENTURY INDEMNITY COMPANY • STANDARD INSURANCE CO. OF N. Y.  
HARTFORD, CONNECTICUT



This advertisement also appears—in color—in **TIME, NEWSWEEK, TOWN JOURNAL, NATION'S BUSINESS**

Clinton L. Allen, President

### Man Who Saves You Money and Headaches

Modern insurance can protect you against many hazards—fire, wind-storm damage, automobile accidents, personal injuries, liability suits, theft, and other risks. But the secret of getting adequate protection at low cost is to have your insurance tailored to *your personal needs*. And the man best qualified to give you this kind of service is your local agent. He can save you money and headaches.

*Follow these time-tested rules:*

**CONSULT YOUR AGENT OR BROKER  
THINK FIRST OF THE ÆTNA**

# LOYALTY GROUP

## FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY

JUNE 30, 1955

ASSETS		LIABILITIES	
Cash	\$ 3,807,806.80	Reserve for Losses	\$ 16,918,000.49
Mortgage Loans on Real Estate	953,829.49	Reserve for Loss Expenses	1,516,210.00
Bonds and Stocks	155,874,898.18	Reserve for Unearned Premiums	53,802,706.05
Interest due and accrued	167,388.93	Reserve for Taxes and Expenses	2,043,389.98
Agents and Departmental Balances	4,752,931.47	Funds held under Reinsurance Treaties	8,023,156.81
Real Estate	3,086,000.00	All other Liabilities	830,582.01
Equity in Marine and Foreign Insurance Pools	8,922,570.24	<b>Capital</b>	<b>15,000,000.00</b>
All other Assets	1,447,167.79	<b>Net Surplus</b>	<b>80,878,547.56</b>
<b>Total admitted Assets</b>	<b>\$179,012,592.90</b>	<b>Total</b>	<b>\$179,012,592.90</b>

**SURPLUS TO POLICYHOLDERS \$95,878,547.56**

Securities carried at \$3,290,509 in the above statement are deposited as required by law.

## GIRARD INSURANCE COMPANY OF PHILADELPHIA, PA.

JUNE 30, 1955

ASSETS		LIABILITIES	
Cash	\$ 324,812.04	Reserve for Losses	\$ 1,767,552.29
Mortgage Loans on Real Estate	1,587.22	Reserve for Loss Expenses	158,410.00
Bonds and Stocks	13,682,617.35	Reserve for Unearned Premiums	5,990,152.03
Interest due and accrued	37,449.56	Reserve for Taxes and Expenses	218,210.00
Agents and Departmental Balances	549,481.52	All other Liabilities	16,647.11
Real Estate	150,000.00	<b>Capital</b>	<b>1,000,000.00</b>
All other Assets	223,026.88	<b>Net Surplus</b>	<b>5,818,003.14</b>
<b>Total admitted Assets</b>	<b>\$14,968,974.57</b>	<b>Total</b>	<b>\$14,968,974.57</b>

**SURPLUS TO POLICYHOLDERS \$6,818,003.14**

Securities carried at \$795,921 in the above statement are deposited as required by law.

## NATIONAL-BEN FRANKLIN INSURANCE COMPANY OF PITTSBURGH, PA.

JUNE 30, 1955

ASSETS		LIABILITIES	
Cash	\$ 680,023.96	Reserve for Losses	\$ 1,767,552.29
Bonds and Stocks	13,043,157.07	Reserve for Loss Expenses	158,410.00
Interest due and accrued	30,204.44	Reserve for Unearned Premiums	5,621,178.24
Agents and Departments Balances	1,949,089.76	Reserve for Taxes and Expenses	217,010.00
Real Estate	66,000.00	All other Liabilities	143,355.35
All other Assets	73,741.45	<b>Capital</b>	<b>1,000,000.00</b>
<b>Total admitted Assets</b>	<b>\$15,842,216.68</b>	<b>Net Surplus</b>	<b>6,934,710.80</b>
		<b>Total</b>	<b>\$15,842,216.68</b>

**SURPLUS TO POLICYHOLDERS \$7,934,710.80**

Securities carried at \$1,822,477 in the above statement are deposited as required by law.

## MILWAUKEE INSURANCE COMPANY OF MILWAUKEE, WIS.

JUNE 30, 1955

ASSETS		LIABILITIES	
Cash	\$ 414,063.82	Reserve for Losses	\$ 4,797,641.93
Mortgage Loans on Real Estate	341,125.62	Reserve for Loss Expenses	429,970.00
Bonds and Stocks	37,241,875.34	Reserve for Unearned Premiums	15,257,483.80
Interest due and accrued	64,825.93	Reserve for Taxes and Expenses	593,570.00
Agents and Departmental Balances	3,076,329.33	All other Liabilities	61,930.64
All other Assets	169,171.28	<b>Capital</b>	<b>3,000,000.00</b>
<b>Total admitted Assets</b>	<b>\$41,307,391.32</b>	<b>Net Surplus</b>	<b>17,166,794.95</b>
		<b>Total</b>	<b>\$41,307,391.32</b>

**SURPLUS TO POLICYHOLDERS \$20,166,794.95**

Securities carried at \$2,754,310 in the above statement are deposited as required by law.

## ROYAL GENERAL INSURANCE COMPANY OF CANADA

JUNE 30, 1955

ASSETS		LIABILITIES	
Cash	\$ 16,050.06	Reserve for Taxes and Expenses	\$ 3,863.32
Bonds and Stocks	404,720.00	<b>Capital</b>	<b>100,000.00</b>
Interest Due and Accrued	2,904.58	<b>Net Surplus</b>	<b>350,415.93</b>
Agents and Departmental Balances	30,604.61		
<b>Total admitted Assets</b>	<b>\$454,279.25</b>	<b>Total</b>	<b>\$454,279.25</b>

**SURPLUS TO POLICYHOLDERS \$450,415.93**

Securities carried at \$55,802 in the above statement are deposited as required by law.

## THE METROPOLITAN CASUALTY INSURANCE COMPANY OF NEW YORK

JUNE 30, 1955

ASSETS		LIABILITIES	
Cash	\$ 1,192,957.75	Reserve for Losses	\$ 18,266,637.50
Mortgage Loans on Real Estate	52,668.63	Reserve for Loss Expenses	1,878,775.00
Bonds and Stocks	46,831,032.27	Reserve for Unearned Premiums	14,818,502.75
Interest due and accrued	129,074.23	Reserve for Taxes and Expenses	1,428,986.73
Agents and Departmental Balances	4,448,971.92	Funds held under Reinsurance Treaties	263,540.22
Equity in Marine and Foreign Insurance Pools	131,211.80	All other Liabilities	113,860.34
All other Assets	191,657.78	<b>Capital</b>	<b>2,000,000.00</b>
<b>Total admitted Assets</b>	<b>\$52,977,574.38</b>	<b>Net Surplus</b>	<b>14,207,271.84</b>
		<b>Total</b>	<b>\$52,977,574.38</b>

**SURPLUS TO POLICYHOLDERS \$16,207,271.84**

Securities carried at \$4,440,750 in the above statement are deposited as required by law.

## COMMERCIAL INSURANCE COMPANY OF NEWARK, N. J.

JUNE 30, 1955

ASSETS		LIABILITIES	
Cash	\$ 1,029,385.81	Reserve for Losses	\$ 22,479,011.00
Mortgage Loans on Real Estate	447,012.98	Reserve for Loss Expenses	2,240,947.00
Bonds and Stocks	55,260,072.59	Reserve for Unearned Premiums	17,323,404.31
Interest due and accrued	124,846.78	Reserve for Taxes and Expenses	1,245,916.41
Agents and Departmental Balances	4,616,631.15	Funds held under Reinsurance Treaties	704,439.64
Equity in Marine and Foreign Insurance Pools	131,211.80	All other Liabilities	181,720.92
All other Assets	342,316.04	<b>Capital</b>	<b>2,000,000.00</b>
<b>Total admitted Assets</b>	<b>\$61,951,477.15</b>	<b>Net Surplus</b>	<b>15,776,037.87</b>
		<b>Total</b>	<b>\$61,951,477.15</b>

**SURPLUS TO POLICYHOLDERS \$17,776,037.87**

Securities carried at \$1,692,141 in the above statement are deposited as required by law.

## HOME OFFICE

10 PARK PLACE, NEWARK 1, NEW JERSEY

Foreign Department

102 Maiden Lane, New York 5, New York

Western Department  
120 So. LaSalle St., Chicago 3, Illinois

Southwestern Department  
912 Commerce St., Dallas 22, Texas

Pacific Department  
220 Bush St., San Francisco 6, Calif.

Canadian Departments  
800 Bay St., Toronto 2, Ontario  
535 Homer St., Vancouver 3, B. C.